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the MANAGEMENT REVIEW

APRIL, 1950

AMONG THE FEATURES

Management's Role in Winning the Peace

Americans Can Be Eight Times Richer

A Logical Approach to Office Job Evaluation

Pensions vs. Pay

Psychology and the Crooked Employee

Tomorrow's "Wonder Metals"

The Sales Department's Role in Cost Reduction

Improved Design Can Cut Packaging Costs

What Research Can Do for Controllers

Pointers on Pension Bargaining

Private Insurance and Social Insurance Programs

- PERSONNEL
- PRODUCTION
- OFFICE MANAGEMENT
- MARKETING
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THE MANAGEMENT REVIEW is published monthly by the American Management Association at 330 West 42nd Street, New York 18, N. Y., at sixty cents per copy or six dollars per year. Vol. XXXIX, No. 4, April, 1950. Entered as second-class matter March 26, 1925, at the Post Office at New York, N. Y., under the Act of March 3, 1879.

Changes of address should be forwarded to the publishers *one month in advance*, and postal unit numbers should be included in all addresses.

The object of the publications of the American Management Association is to place before the members ideas which it is hoped may prove interesting and informative, but the Association does not stand sponsor for views expressed by authors in articles issued in or as its publications.

An index to THE MANAGEMENT REVIEW is published annually with the December number. The contents are also indexed in the *Industrial Arts Index*.

the MANAGEMENT REVIEW

Volume XXXIX

No. 4

APRIL, 1950

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Printed in U. S. A.

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GENERAL MANAGEMENT

Management's Role in Winning the Peace

By PHILIP R. KELLY

Director of Management Research
McKinsey & Company

As a leader in a world assailed by fear, doubt, and uncertainty, this nation must marshal all its latent strength. To say that we are at one of the great crisis points in human affairs is merely to belabor the obvious. The important question we must all attempt to answer is: "What are we going to do about it?"

Since, as Abraham Lincoln so truly stated, a divided nation cannot long stand, one of our primary needs is for greater national unity. All too often, we Americans tend to emphasize our own differences of opinion rather than our areas of agreement. And in many instances, these differences of opinion really need not exist, if we dig beneath the surface and get the facts.

What are some of the major discords and misunderstandings which stand in the way of an integrated nation at this time?

PET PEEVES

Three of the pet peeves of many of us today are: *taxation*, the *unbalanced budget*, and our *national debt*. Another is the trend toward the welfare state. The popular approach to discussing these problems is simply to condemn them as the products of inefficient government or faulty economic thinking.

WHERE DID IT ALL COME FROM?

Suppose, however, that we go one step further and see what really shoves our

taxes and budgets so high, asking "Where does it all stem from?"

In 1916, our total federal debt was about \$1 billion. Three years later, at the end of the first World War, it had piled up to \$25 billion. And in 1940, near the outbreak of World War II, our national debt was \$45 billion.

What is our national debt today? It is in the neighborhood of \$260 billion—and the end is not in sight.

But even this is only part of the story. According to a Twentieth Century Fund report, Mr. Daniel W. Bell, one-time under-secretary of the Treasury Department, reported that *in the same years in which our national debt jumped from \$45 billion to \$260 billion, the savings of individuals and corporations increased by \$180 billion—and the savings of cities and states increased by \$10 billion.*

What does this mean? It means that we seem to want to have our cake and eat it, too. If we had had the courage to tax ourselves as the war progressed, we could have paid for the war debt and taxes which now saddle us, our children, and our children's children.

Next, let's take a look at the annual unbalanced budget. The budget for 1951 is about \$42 billion. But how is that made up? *Thirty billion* of that \$42 billion national budget for 1951 will go for wars—past, present, and future!

Adapted from an address before the 15th Annual Economic Conference at Rollins College, Winter Park, Florida.

For publishers' addresses or information regarding articles or books, apply to AMA headquarters.

It is not within my province to criticize the wisdom of our current military expenditures. But let us understand the relationship of war costs to our daily problems of debt and taxes.

And if we really want to preserve our free economy, we must strive consciously to avoid another war. This is not a call for "peace at any price." But it is a call for definite action.

What a modern atomic war would do to the world, we can only conjecture. But one more war, even if we win it, might well bankrupt this nation. At the very least, it would cause semi-inflation and the need for more government controls. At the most, it could set back civilization as we know it a hundred years . . . or even destroy it.

What can we do? First, we can begin by accepting the fact that there are no easy, pat solutions. Rather than wait for someone else to tell us what to do, each of us must make his own efforts. Next, we can attempt to gain perspective, to understand the general situation.

What is the general outlook?

CAN WAR BE AVOIDED?

As George Kennan, former State Department expert, has pointed out, there is little probability that Russia will declare war. For the Russian leaders feel that time operates in their favor. Our society, they feel, will eventually fall from internal dissent and disorder—brought on by the failure of our economic system—and the inevitable class warfare between owners and workers. So, they reason, "Why declare war?" Sooner or later, conditions will be ripe for internal strife, and then, perhaps, they will make a move.

IMPORTANCE OF A STABLE ECONOMY

It was exactly this reasoning which President Truman had in mind when he said, "The success of our foreign policy is linked to a strong domestic economy."

Perhaps more than anything else, our European allies fear a U. S. depression. And, if such a depression should come, we might very readily find many pulled into the Russian camp.

With these facts in mind, it becomes unincreasingly apparent that we *must* make our economy and democracy work, both here and abroad.

This means that we still are faced with the need for increased productivity. And this problem of productivity is not the concern of management alone; labor and government have just as great a stake in the outcome. It also means that each of us must strive daily to put into action the principles on which this nation was founded.

All too often, we tend to say, "Yes, that's true, but what can *I* do?" One of our real weaknesses today lies in these widespread attitudes of personal helplessness, of asking, "What can *I* do about it?" in such a way that the automatic answer seems to be "Nothing!"

This attitude, this philosophy of hopelessness and helplessness, is one of the major problems we Americans must face. For as we feel, so are we—and as we feel, we act. Such an attitude is a negation of the faiths on which this nation was built. It is a philosophy of pessimism, of despair, and defeat. Worst of all, it tends to make us avoid assuming personal responsibility.

Why have we become purposeless? Why have so many lost the precious sense of individual responsibility?

Perhaps if we look at what has been happening in the past 50 years, we will discover why so many people have come to feel there is little that *can* be done about national and world affairs—and why they seek, more and more, "security."

CHANGE IN OUR TIMES

The outstanding phenomenon of the past century has been *change*. And in the past 25 years, the *rate* of *change* has been tremendously accelerated. These changes have affected our entire lives.

The man of 50—and even of 35—has seen the world go through not only technical change but also through a series of major wars, depressions, and shifts in world politics.

So modern man's impressions of his world are anything but conducive to feelings of stability and security. Day in, day out, his peace of mind is disturbed by blaring headlines of war, murders, unrest. As a result, many have formed an unduly pessimistic and helpless viewpoint, for we feel the world is filled only with uncertainty and violence.

At the same time, the early years of our industrial, mass production society also have had a serious effect on the lives and attitudes of many. From an agrarian society, in which each man was largely his own master, we have witnessed the tremendous growth of modern industrial society where too many became mere "cogs in a wheel." And often, in the past (and even today), that society was organized along authoritarian, mechanistic lines which negated the power of the individual—in fact, which denied him the chance to participate in the decisions affecting his daily life and livelihood.

LACK OF PREPARATION FOR CITIZENSHIP

A similarly unfavorable attitude—and one which must be attributed to the failure of both education and the press—is revealed by our general lack of active participation as citizens in the affairs of our local communities. Our schools have taught us the customs of ancient Rome—but neglected to give us the fundamental knowledge needed to be good citizens of Homeville, wherever that may be.

Anyone who doubts that we are failing in our individual responsibilities as citizens need only consult the figures of eligible voters who turned out for the 1948 election. Only 50 per cent—one half—of those granted the privilege of citizenship went to the polls to vote. Against the 80 per cent turnouts in France and Italy, 76 per cent in England, and 90 per cent in Korea, we suffer sadly by contrast.

Before we can win in the international area, we must set our affairs in order at home. In our schools, in our daily work environment, and in our individual lives as citizens, we must participate actively in

matters which affect our families and society.

A STRUGGLE OF IDEAS

We must take as a starting point our total attitude toward the world today. It is tremendously important whether we really believe that we *are* masters of our fate—whether we believe in free will or determinism. If we feel bewildered and purposeless—lost in a great tide of history and economics—we have lost the battle before we have begun.

It would be a great mistake to think of the current world situation as involving merely economics and geography. We are also engaged in a titanic clash of ideas—in a struggle for men's minds. Communism is not merely an economic system—it is a way of life—a religion. For the loss of the spiritual values provided by religion by large segments of the population of Europe, along with the constant change and uncertainty, created a spiritual vacuum. And Communist dogma, with its rigid rules, is thriving as much because of this spiritual need as because of the economic situation.

We must have *our* answers, too. We have a way of life here, but because of the factors we have mentioned, it has been obscured for many. This also explains in part the trend toward the welfare state. For as a people lose their sense of individuality and their spiritual life falters, they then turn to material promises for "security."

Our way of life is based on *democracy*, which stresses the importance of the individual, and *religion*, which stresses the dignity and brotherhood of men. These two are not at odds.

We are told that one of the greatest problems in America is the clash between our religious heritage—which stresses love, friendship, and cooperation—and our economic system, which seemingly is based on a cut-throat, dog-eat-dog struggle for survival.

Though we cannot deny that we do compete vigorously, I think this is a tre-

menhous oversimplification. An economic system is, as we have seen, dependent on the attitudes and actions of people. Certainly, no one can question the basic generosity and friendliness of the American people. Their spontaneous reaction in times of disaster alone attests this.

This is not to take a Pollyanna-ish attitude; as we all know, there are plenty of clashes, not only between labor and management but within every organization of any kind. But it is far from the desperate, selfish kind of society many cynics would have us believe. *For under the external patterns of discord, there are great areas of mutual trust, and cooperation.*

Last summer I talked with an executive from Alsace-Lorraine. His family had long owned an iron and steel plant in that area, and he was over here trying to pick up some of our well-known American know-how.

After a while I said to him, "Tell me, now that you have been here for several months, what is the thing that hits you strongest about the United States?" "Oh," he said, "it's the openness, the frankness." I didn't quite catch what he meant at first, so I questioned him further.

"Well," he said, "in Europe, we're not as used to telling everybody our trade secrets. If we get a good process, or a good idea, we keep it very close to the chest. But over here, it seems that every time you get a good idea, everybody knows about it—you're not afraid to tell each other these things."

OUR INFORMAL SYSTEM OF COOPERATION

The more one thinks about this, the more its truth becomes evident. When you get right down to it, we do have the most tremendous *informally* organized cooperative society in the world. No one could possibly trace all the ways by which we funnel information around. But we all know that there is an amazing amount of cooperation—cooperation between industries, between firms, between professional groups, individuals, and so on.

Just think of some of the different ways we achieve this.

Consider our business, trade, and professional magazines, for example. There are over 2,000 publications of this type, packed with ideas, facts about new policies, equipment, methods, etc. These alone constitute a tremendous intelligence framework for all phases of management.

Then there are the various trade associations—over 4,400 on the national and interstate level, and about 10,000 if we move to the state and regional level. There are probably about 40 or 50 million persons active in such associations—a great tribute to another major portion of our informal cooperative society.

On other levels, we have our various governmental agencies cooperating with private and public organizations. The work of the Departments of Commerce and Agriculture alone in this field staggers the imagination.

Sixteen million members of the various trade unions are also joined together to cooperate in helping solve our social and economic problems. Although strikes get the lion's share of publicity, the amount of genuine cooperation between private industry, government, and labor is also an encouraging example of the cooperative strength of our society.

Then, of course, there are the various service organizations, such as the Red Cross, Lions, Rotary, Kiwanis, the Chambers of Commerce in the various cities, the business and professional societies, and a host of others too numerous to mention.

HOW DOES IT ALL ADD UP?

It all adds up to this: This nation is unique. Ours is the only major country in the world actually founded on, and dedicated to, certain ethical and moral principles. In this hectic half-century just past, these principles often have become obscured. But today, the amazing explosion of managerial interest in human relations is beginning to tear away the veils. We are rediscovering the fact that the mores

of religion and democracy, far from hampering management and productivity, actually make sound economic, as well as moral, sense.

After all, our industrial society today is really only 40 years old, in terms of its major growth and the development of enlightened managerial methods. And in those 40 years, we have built a society which has not only altered our own way of life, but which promises, through its technical developments, to affect and transform the entire world. Because of their power, American management leaders in industry, labor, and government must accept great responsibilities for the future course of that society.

We now have the scientific and technical knowledge needed to build a stable, peaceful world society. But we also have the hydrogen bomb—and thus, for the first time, the power to destroy our civilization.

If we fail, it will not be for lack of materials, machines, or techniques. Our problems now lie in the field of human and social relationships. In the long run, the true merit of this or any other nation will be measured by the contributions it makes to men's spiritual life as well as to their economic well-being. It is up to each of us individually to see that we make the best of the difficult job ahead.

Americans Can Be Eight Times Richer

NOW that we have begun the second half of the Twentieth Century, many are wondering where America stands on its path of destiny.

America has the potentialities, I believe, for a brilliant future in which we can all be magnificently "rich" by present standards. Our resources in sight are abundant enough to permit us to double our population in the next 100 years—and at a plane of living eight times as high as we know today.

On what basis can we make such an optimistic forecast in view of the gloomy predictions of the prophets of doom—many of them in influential positions—who would lead us to believe that our "future" is largely behind us?

Let's consider the factors that will determine future demand for the goods of our farms and factories.

First, what of our population prospects? The 1950 population census will confound the pessimists by showing that the long-term decline in the rate of our population growth was suddenly reversed in the 'forties. Our population has been growing by more than 1,700,000 a year!

Furthermore, family budget studies reveal an intense potential demand, especially by families in the middle- and lower-income groups. *Brookings Institution believes that the unfulfilled desires of the great bulk of the American population provide the essential foundation for an almost limitless economic expansion.*

Now, what are the facts on America's resources? We have used up 60 per cent of our known deposits of high-grade (50 per cent pure) iron ore. Yet our combined reserves of high- and medium-grade ore are sufficient to last us 40 years at wartime production rates. Of equal significance is the fact that we may soon be able to get high-grade iron ore in vast quantities from our northern neighbor, Canada. Deposits of extraordinary richness have been discovered in the bleak, forbidding interior of Labrador. This may prove to be the mining find of the century.

Still more exciting, perhaps, are the rival metals that are challenging steel's position as the indispensable sinew of industrialism. Today we can get aluminum economically from clays and low-grade

bauxite. We're pumping magnesium right out of the ocean, which contains an inexhaustible supply. Further, the earth's crust abounds with the rutile and ilmenite ores which contain titanium—a third substitute for steel. Tremendous deposits, for example, exist in North Carolina, Virginia, Florida, and New York.

Finally, we should take into account reports that synthetic materials may shortly be made of such strength that they can displace structural steel!

What of our oil resources? In 1920, experts gloomily reported that America's remaining reserves of oil had dropped to 7,000,000,000 barrels. By 1943, however, we had used up four times that much and still had in the ground, 20,000,000,000 barrels of *proved* oil reserves! Since then we have consumed more billions of barrels, but have opened vast new resources in various parts of the United States and in Canada.

Today, moreover, it is proving to be almost as cheap to *manufacture* oil as to pump it out of the ground. By chemical processes we can make oil out of such materials as coal, natural gas, and oil shale. We have all these in abundant supply.

Many scientists believe solar energy offers far greater promise than atomic energy. One scientist declares the atomic bomb would give off no more heat than the sunlight which falls on $1\frac{1}{2}$ square miles of land during an average day.

It certainly appears possible that man may eventually harness the energy of the sun's rays. Nature does that now, but does it inefficiently, Dr. Farrington Daniels, of the University of Wisconsin, contends. In a good year, an acre of Wisconsin forest will grow two tons of aspen. The heat you get from burning that wood represents only one thousandth of the sun's energy that struck the tree during the year.

The capture of the sun's rays might be facilitated by the use of a large system of reflecting mirrors. It is calculated that an acre of Arizona sunshine might produce the power of 50 horses.

How about food production? Consider first that only a small fraction of our farmers are as yet using the scientific knowledge available. If this knowledge were universally applied, our food supply could be raised 50 per cent in just a few years.

Scientists are now seriously investigating the possibility of growing certain food crops on the ocean bed.

Another great search is for more sources of protein, the food element that is essential to tissue-building and to life itself. The ocean teems with protein, in the form of plankton, microscopic plants, and animals. There are about 100,000 in a quart of ocean water. It is possible that within a matter of years we shall be "farming the seas" on a large scale with vast seaside filter plants that will pump water from the ocean, then return the water, minus its plankton.

Most portentous of all, however, is the great campaign now being waged in a dozen U. S. laboratories to solve the mystery of photosynthesis. This is the amazing and baffling process by which green plants capture the energy of the sun and store it up in the plants as energy-giving food. On this great mystery of nature the whole cycle of life on earth depends.

Progress toward solving this puzzle has been made in the past two years by using isotopic tracers provided by the Atomic Energy Commission. With the radioactive tracers, scientists are seeking to unravel the steps by which water and carbon dioxide become energized and converted into life-giving foods.

If and when the mystery is solved, we shall be on the threshold of perhaps the most momentous turn in the world's recorded history. Food in unlimited quantities can then be produced in factories without the aid of either soil or plants.

Our resources should permit expansion of spending for these other essentials of the abundant life:

Shelter and home maintenance—about 16 times.

Attire and personal care—about 20 times.

Health and education—about 30 times.

Recreation and travel—about 33 times.

We can translate these potentialities into reality, however, *only* if we are careful to fulfill these basic, underlying requirements:

1. We must conserve our remaining natural resources—particularly topsoil.

2. We must increase our individual productivity.

3. We must encourage large-scale enterprise. Under modern conditions the greatest production efficiency is achieved by large companies.

4. Our government must seek fiscal stability.

5. We must continuously increase the purchasing power of the average American. The demand for goods must at all

times be strong if we are to prosper. There is no future in expanding output if the buying power of our people is not correspondingly increased.

Expansion of purchasing power should be accomplished by high wages, profit sharing, and, most important, by continually lowering store prices as technological improvements permit lower production costs.

6. We must zealously preserve our free-enterprise system. The only economic system sufficiently dynamic in character to assure us of enjoying a century of great abundance is free enterprise, modified by government regulations designed to establish "rules of the game" but not to take over the role of management.

—BY HAROLD G. MOULTON. *The American Magazine*, February, 1950.

Fire Towers for Business

HAVE you ever climbed to the top of a fire tower and, with the ranger, looked out over the wooded hills and valleys? Through his field glasses the ranger surveys the surrounding country. He must be constantly alert. He stands guard against fire—a force which, once started, can ruthlessly destroy timber and property. He knows that a small column of smoke may indicate approaching disaster. He is aware that a spark from a campfire or a carelessly thrown cigarette are little things that may create a roaring inferno.

It seems to me that an executive has much in common with the ranger in his fire tower. An executive should have perspective. He, too, should be up above looking out over his entire business. He must be high enough so that the trees of details will not obstruct his view of the forest of his objective.

The executive must be constantly on the lookout for the sparks of discord, the smoke of disloyalty. He must discover the little acts of inefficiency that may cause big losses. He must guard against the hundred and one things that may create the consuming flames of business disaster.

To preserve your business climb up above it! Look out over it! Take a tip from the ranger!

—WILFRED A. PETERSON in *The Art of Getting Along*
(Harmony Press, Grand Rapids, Michigan)

AMA GENERAL MANAGEMENT CONFERENCE

A General Management Conference of the American Management Association will be held on Thursday and Friday, June 1-2, at the Waldorf-Astoria, New York.

Seventeen Years of Multiple Management

THERE never was a better time than the present for management to take a fresh look at its industrial relations practices and to check them against new and improved techniques. We all need to look forward to a new horizon of better employer-employee cooperation which will help assure greater production, additional jobs, and more security of employment.

A sound first step is to place men ahead of machines in our business thinking. At McCormick & Company, we evaluate all potential executive talent more carefully than we evaluate a \$50,000 machine. We feel that a leader for the future must be prepared by experience in the present, while a machine purchased today may be discarded after a brief interval because of deterioration or improved inventions. Experience builds a man, while deterioration and use takes a toll of all machinery; and a man has the capacity to build a better machine or let it remain idle. There are millions of dollars of untapped skill today in American industry, all because our science of human relations has not kept pace with our material scientific achievements. It is imperative that we realize that human relations is a study that will bring equal and more lasting developments for the future welfare of our nation.

Our firm's first step toward methodical stimulation and utilization of individual initiative was the 1932 installation of our multiple management plan by our president and chairman of the board, Charles P. McCormick. We began with a single junior board of directors. We selected 17 men—assistant department heads, accountants, junior executives, etc.—whom we considered to be the best prospects for future leadership and told them that they were to be given direct participation in management in their own group, operating independently of the senior board and the line of organization. These men were told to elect their own chairman and secretary, set up their own schedule of

meetings, and draw up their own by-laws. They were given the right to discuss anything in the business which interested them, at free discussions without "top-side" interference. They were given suggested projects and topics, as a starter only, to provide an idea of the sort of subject matter on which the company could use their thinking.

There were two practical and realistic brakes put on this group which have not interfered with their free action. They were told: (1) that every recommendation from their board must be unanimous; (2) that their recommendations would not go into final operation in the company until the president or the senior board of directors had approved them.

A factory board was appointed to operate in much the same manner as the junior board, its members discussing production, shipping, and other elements of their daily jobs.

During the first five years, 2,109 unanimous recommendations came out of the junior board and the factory board. Of this number of resolutions, only six were rejected completely. This meant that 2,103 fresh ideas found their way into company operations and policies. Since ideas are the lifeblood of business, the business prospered from this harnessing of the potential creative thought of alert, aggressive, middle-management men.

Our sales board of directors—and later the institutional sales board of directors for our institutional sales division—were logical further developments, since the business is divided into three parts—office, factory, and sales.

There also is a consumer board—of a little different type because composed of customers—with a membership of women, which makes recommendations on products from the standpoint of recipes, packaging, advertising, etc.

No member of the senior board of directors (which corresponds to the board of directors of the average corporation)

may serve on the junior, factory, or sales boards or attend subordinate board meetings except by invitation. Thus instead of the usual half dozen or dozen people active in management on a board of directors, our firm has over 50 people serving as directors.

Though the members of the original junior, factory, and sales boards were named by the president, the by-laws of each provided that members of succeeding boards should be selected by certain of the board members in accordance with a unique system. Every six months each junior board member, for example, rates every other member except himself on a chart which provides points for each of the following executive qualifications: human relations insight, vision, initiative, judgment, cooperativeness, and poise. The six men who rate highest become the membership committee and choose the remainder of the board for the next term, considering every potential executive in the company as eligible.

Through this series of boards, employees are close enough to board members to speak to them freely. Thus their suggestions and requests are passed along rapidly in the junior or factory or sales board meeting and come up to management quickly. This enables management to take the initiative in human relations, and the result is industrial harmony, an invaluable spirit and morale, unusually low turnover and absenteeism. McCormick management is close to and working in the interests of the people it employs. Employee wages are the highest in our industry in our area and are supplemented by profit-sharing bonuses plus a program of benefits, including a company-paid pension plan, group insurance, sick benefits, complete medical service, and so on. We have stabilized employment. We have found that people working in business appreciate these benefits and reciprocate by giving their best.

—BY JOHN L. BUCKLEY, JR. *N.A.C.A. Bulletin*, December, 1949, p. 437:6.

Being a Good Neighbor

INDUSTRY should participate in community affairs. So judges the public, when surveyed on the question of business cooperation with the community.

Opinion Research Corporation, in its study, *How to Get Along in the Plant Community*, reports on surveys of plant-community relations of 48 firms—eight in each of six diversified industrial communities. The following question was asked in each community: "Some people say that when a company furnishes jobs and pays good wages, it has done all it should for the community. Do you think companies should go beyond this and help the community in other ways?" The response was: yes, 70 per cent; no, 14½ per cent; no opinion, 15 per cent.

Here's the story of how a number of companies are helping their communities and making themselves active, participat-

ing citizens. It is based on the findings of a recent study of the community relations programs of 85 firms in widely diversified fields, including not only large corporations but also companies of less than 500 employees and, in a few cases, of less than 100 employees.

No one likes a neighborhood eyesore. Recognizing this, an increasing number of firms are making their plants and grounds physical assets to the community. Moreover, many companies when building new plants are designing them so that they blend into the landscape and into regional architectural patterns. The Borden Company, for example, thinks of its new plants as a public relations tool and believes that an attractive plant reduces much of the antagonism that may arise due to the building of an industrial plant in or near a residential community. As a

result, it designs all its new milk and ice cream plants for beauty as well as utility, and sees that the design harmonizes with the background. Merck & Co., Inc., in designing its plant at Elkton, N. J., erected buildings that harmonize with the surrounding mountains and farms.

Plant grounds and buildings must also be kept in an attractive condition. Caterpillar Tractor Company finds time to mow its lawns, keep its buildings neat, provide sidewalks for visitors, and do all those things that mean being a good neighbor.

There is always local resentment of a company that pollutes the rivers and bathing beaches and spoils the fishing with its wastes, or whose smoke makes the town look dingy, adds hours of labor to every housewife's week, dollars to her cleaning bills, or fills the town with unpleasant odors. Most firms are trying to eliminate such nuisances. Hiram Walker & Sons, Inc., is in the process of spending some \$150,000 to prevent its factory smoke from annoying the community. It is also active in water conservation and sewage and by-product disposal. In 1948, The Maytag Company spent something like \$28,000 to rid the air of dust from the factory and is installing equipment to eliminate porcelain dust in the air.

Courtesy is an important ingredient of community relations.

Many companies have programs for developing the ability of employees in dealing with the public. The Chesapeake and Ohio Railway Company has adopted a threefold program for those who use the telephone, those who meet the public in person, and those who write letters. The first phase, that of proper telephone usage, has been completed. Approximately 5,000 employees who are frequent users of the telephone attended group meetings for the purpose of developing their interest and ability. The American Telephone and Telegraph Company's film, "Telephone Courtesy," and a film produced by Marshall Field & Company, known as "By Jupiter," were shown at all conferences. Specialized clinics conducted by telephone experts have been held for

switchboard operators and the most frequent telephone users. The keynote of the program was "You Are the Railroad."

It is particularly important for companies which are not owned locally to do as much of their purchasing and banking locally as possible. Local bankers, suppliers, and merchants are often leaders in the community, and their friendship is important. Companies may even be criticized when the families of top executives do much of their shopping outside of town. Both General Electric Company and the Bigelow-Sanford Carpet Company have adopted the general policy of buying from local vendors wherever feasible and of making sure the neighbors know they are bringing money into the community.

In 1934, Henry H. Timken of The Timken Roller Bearing Company, and his two sisters, founded the Timken Foundation of Canton, a non-profit corporation to "promote the benefit of mankind," in the belief that a portion of the company's dividends should flow back to the plant cities in the form of grants made by the foundation to worthy institutions for public educational and charitable uses. Of the funds distributed, 90 per cent came through dividends on Timken Company stock. Through the foundation and the Timken Roller Bearing Trust Fund, a vocational high school and a number of swimming pools have been built and given to Canton, large sums have been contributed to hospital expansion programs, and iron lungs or other badly needed equipment have been given to all the accredited hospitals in the firm's Ohio plant cities.

Companies have found many ways to cooperate with local schools. For example, conferences of Western Cartridge Company men with school officials have resulted in the revision, reorganization, and expansion of the commercial department and the vocational department of the Alton Senior High School. General Motors plants cooperate with educational authorities in providing facilities and instruction for vocational training. In one midwestern city, for instance, most of the school

shop work is made possible by the salvage material made available by GM plants.

Cluett, Peabody & Co., Inc., is currently cooperating with five colleges and universities in conducting a seminar program for students of business management to show them how one firm actually carries on operations. The course consists of 15 lectures given by Cluett, Peabody executives. The firm also cooperates with college professors who are writing textbooks. A sincere effort is made to give them instructional material regarding company operations.

Companies can give students valuable vocational guidance. Thus, counselors from Talon, Inc., speak before the local high school graduating class in terms of vocational guidance, and bring the graduates to the plant for a first-hand look, if they wish.

Company resources are invaluable to communities in time of disaster. In 1948, a tornado swept through several communities in the vicinity of the plant of one large company. Here's the story:

At 7:30 a.m. the company received a call from the Red Cross stating that a tornado had struck and they needed every available ambulance. The company's ambulance, together with the plant doctor and nurse were sent to the stricken area immediately. Later, plant guards and firemen were sent with a

portable electric generator to the school the Red Cross was using as a center. One light was placed in the emergency medical center, one in the mess tent, and a third to floodlight the front of the building. The portable generator and lights were used until the Army set up its lighting equipment. Some company guards, in uniform, assisted in traffic duty, others in turning off water service lines which were broken or leaking so that it might be possible to build up sufficient water pressure in the mains to provide protection in case of fire. Others did guard duty at the Red Cross Canteen. Later a truck and crew of men were sent into the area for a week to help clean up the debris caused by the storm.

This report has attempted to show how companies can be good neighbors in their communities, how they can carry their full share of civic responsibility without dominating the community, and how they can show their warm and friendly interest in their neighbors and their community organizations. Each community is different, just as each company is different. And what any individual company can do in its particular town depends upon individual circumstances.

—From *Community Relations: Being a Good Neighbor*. Policyholders Service Bureau, Metropolitan Life Insurance Company, New York. 54 pages. (Issued to Metropolitan Group policyholders; limited supply available to fill requests of other executives.)

Annual Survey of University Research Now Under Way

FOLLOWING up on last year's comprehensive survey of university research in industrial relations, personnel management, and labor economics,* the AMA editorial staff has launched a new survey designed to bring the initial report up to date. In addition to soliciting the cooperation of last year's contributors, the editors are hoping to increase the number of participants in this year's study. It is planned to publish the report in the May issue of *PERSONNEL*.

Further details may be obtained from the AMA editorial office by those desiring to participate.

* Published in the March and May, 1949, issues of *PERSONNEL* under the title of "Industrial Relations Research at Universities: A Progress Report."

- **UNEMPLOYMENT HAS INCREASED** over the last 12-month period in all but four of 20 nations in Europe, North America, and Oceania, according to the International Labour Office. Of the countries for which the ILO has recent statistics, only Ireland, Sweden, Australia, and New Zealand show fewer unemployed than in the count for the previous 12 months.

OFFICE MANAGEMENT

A Logical Approach to Office Job Evaluation

By EDWARD C. SCHLEH*

“WHAT basic logic should we use in developing a salary evaluation plan?”

This was the main question to which we sought an answer when we decided to develop a salary evaluation plan at Minnesota Mining & Manufacturing Company about five years ago. For instance:

On what basis should we choose factors?

What logic should we use in arriving at factor weightings?

Would the same logic used in factor selection and weightings carry through into merit rating and incentive plans?

Could a plan offer any positive contribution to management beyond establishing a proper salary structure?

Could the plan cross divisional lines?

Could the plan also offer a method for evaluation of more complex jobs?

We felt these questions needed to be answered and we developed a plan with this in mind.

Our first step was to work out a sound basis or philosophy. We asked ourselves the question, “Why should we pay a salary, and on what basis should we pay more?” It seemed to us that there was one primary and simple answer: *“We should pay a salary according to the contributions the job makes to the profits of the company, either in lower costs or in increased sales.”* This was to become our basic philosophy.

This simple answer led to a rather complex study of job evaluation plans. For instance, it appeared to us that a point plan would best lend itself to this approach. Furthermore, from this viewpoint factors like education, experience, and skill were of little value in evaluating jobs. In fact, if jobs were rated higher on this basis even though they added little to the profits of the company, such a plan might lead to excessive salary costs.

Basically then we felt that all jobs could be rated on this one factor, “profits,” but for ease in rating we broke it down into four factors:

1. Effect on costs, savings, and losses.
2. Effect on customers, sales.
3. Responsibility for personnel supervision.
4. Responsibility for confidential data.

In order to weight these factors, we first assigned points in the cost factor by allowing points per \$100 of cost that could be saved or controlled on the job.

On the sales factor we made an over-all estimate from cost records of the average profit per dollar of sales. The same point value was given for each \$100 profit on sales as for \$100 cost control. (For ease in rating, the rating scales of both the cost and the sales factors were expressed in general descriptive terms. However, these were interpreted from the original dollar figures.)

In weighting the supervision factor, we assumed that a good supervisor could increase efficiency about 20 per cent. (Other studies had suggested this percentage.)

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We would then find out the dollar value of the payroll supervised, take 20 per cent of it, and allow the same credit per \$100 as we had for \$100 of cost control. This gave us a logical relationship between the weightings of these three basic factors.

It should be stated that in rating supervision we first classified the job according to the extent of responsibility for hiring, methods, assigning work, etc.* In addition, we adjusted credit for supervision by degrees removed from the first-line workers.** For instance, a second-level supervisor was given one-half as much credit for each man on the job as the first-level supervisor below him. Thus, if the second-level supervisor takes over direct supervision of employees, he increases his credit. In fact, it encourages each supervisor to carry as much direct supervision as he can efficiently handle.

The factor, "confidential data," was tentatively included but experience suggests that it is not a major factor.

Theoretically we felt that this was all that was required to rate jobs. However, from a practical viewpoint we recognized that if we wanted a person with certain abilities we'd have to pay the market salary regardless of his contribution to the company. We then asked ourselves, "What special personal qualities do we have to hire for each job?"

We found only two broad hiring factors: (1) knowledge and the ability to use it; (2) ability to deal with people. We decided to rate the former on the complexity of the problems met on the job. Any undue effect of education and experience could then be minimized, and the rating would become more objective. It was also much easier to cross divisional lines with this kind of rating.

In the past we had come across several weaknesses of factors like education, experience, etc. Often a supervisor said that he "needed" two years' college, or, perhaps, three years' experience to fill a job. It was hard to decide whether he was right; so much depended on the ability of

the person hired and the training given. This type of factor had often caused some heated arguments as to job requirements based on someone's guess as to what was needed. Then too, it was frequently hard to apply these factors in an unusual field, for example, copy writing.

To obtain the weightings for knowledge we allowed points for key knowledge levels based on a study of actual market prices for various levels.

Ability to deal with people was also looked at from the *employment office point of view*. Credit was allowed only when a man with a special kind of personality had to be hired to do the job effectively. The weightings were arrived at in the same way as those for knowledge—by the market price.

In this way, the plan allowed a minimum of credit for any special ability—just enough to hire a man. But the main emphasis was directed toward the contribution the job could make to the company, especially as jobs become more complex. Low ratings on profit factors compared to those on ability factors were a sign that: (1) The job should be changed to bring its value to the firm in line with the abilities hired; or (2) any special requirement in abilities should be reduced.

In making the analysis of jobs in a department, simple organization charts were made up and discussed with the supervisor. Since his own rating depended in part on a simplified organizational setup, this encouraged him to do some worthwhile organization thinking. These organization charts led also to a statement of the primary objective of the job, again in terms of results to the company. This helped us find overlapping. It also made it easier to analyze jobs.

What were the benefits of this salary evaluation plan?

1. Rating was made simple. Few factors were needed, and it was easier to keep the basic philosophy in mind. Jobs were rated faster than under any other plan we had used.

2. Since the plan emphasized results to the company, employees were directed

* Similar to method used by National Metal Trades.

** Similar to method used by Revere Copper & Brass, Inc.

more toward work that paid off for the company. Thus it is becoming not just a control but also a positive tool of far-sighted personnel management.

3. Both employees and management were more easily sold on the plan because of its logic.

4. The plan has been successfully used for a wide range of jobs in different divisions, including engineering, clerical, and advertising positions. To date it is in

effect on jobs up to \$6,000. It has been applied experimentally to jobs paying higher than \$6,000, and no basic change in technique seemed necessary.

5. The philosophy also provides an approach to a merit rating plan which more emphatically highlights results to the firm.

We feel that much of the success of the plan was due to the fact that we took a logical approach to the problem of salaried job evaluation.

Current Office Salaries and Salary Administration

TODAY'S alert managers are critically scrutinizing their company's office salary and personnel policies, weighing them against those of other firms and industries in their area. The reason: The current working generation—unlike its predecessors—believes in continuously shopping around for a better job, switching employers as soon as one is found. This means employers who have liberal salary and personnel policies have a distinct advantage over their less generous competitors in keeping their employee turnover rate, and thus their operating costs, at the lowest possible level.

To give executives a current picture of office pay patterns, Dartnell recently studied the practices of over 300 organizations throughout the country. Here are the highlights of the survey findings:

Of 1,651 specific individual jobs for which salary ranges were reported, 86 now have ranges beginning under the 75-cent-an-hour minimum set by the Fair Labor Standards Act of 1949, and 61 others pay just the new minimum. In other words, nearly 10 per cent of the jobs are at best barely paying the minimum at present; adjustment of these incomes will almost inevitably result in a need for upward adjustments, though slight ones, in the incomes of other clerical workers who rank slightly higher in the office caste system and expect recogni-

tion of the fact in the weekly paycheck.

In general, however, clerical salaries have moved far beyond the new law's proposed standard. The contrast may be sharpened by quoting from the Dartnell salary study released in early 1946: "Only 15 per cent of the companies reporting pay more than \$40 a week for a 40-hour week to any of the 30 commonest classifications of office workers. Forty-four per cent receive earnings in the \$30 or \$40 bracket; salary ranges from \$20 to \$30 are being paid to 39 per cent of the workers. The number receiving over \$60 is slightly over 1 per cent." In contrast, the present study of 1,651 individual jobs shows 1,217 have an upper limit over \$40 a week; 508 have an upper limit above \$50 a week; salaries of \$85 to \$125 are not uncommon for more responsible clerical jobs; and 669 of the jobs have starting rates of \$1 an hour or more. The generalization may safely be made that in the last three years the white-collar group has made a substantial advance in its position, both in relation to the rates of pay in the factory and in terms of dollar purchasing power.

Two factors limit somewhat the salary picture presented by the survey data: (1) The fact that information was received on what a company pays for a job without reference to the number of persons holding such jobs has probably had a tendency

AVERAGE SALARIES
(By Job and Region)

REGION	TELEPHONE OPERATOR- RECEPT.	SECRETARY	BILLING MACHINE OPERATOR	BOOKKEEPER (Hand)	FILE CLERK	AVERAGE
New England	\$37.44	\$46.90	\$37.20	\$46.38	\$32.72	\$40.13
Middle Atlantic	42.12	56.52	41.17	51.69	36.26	45.55
South Atlantic	35.96	46.65	36.68	55.48	32.44	41.44
East South Central	33.83	41.99	34.10	42.12	29.33	36.27
East North Central	43.32	55.59	45.14	55.59	38.00	47.53
West South Central	33.60	45.99	37.88	38.13	—	38.90
West North Central	38.55	50.07	38.48	43.26	36.42	41.35
Pacific States	48.53	56.38	49.22	50.60	35.91	48.13
AVERAGE	39.17	50.01	39.98	47.91	34.44	42.51

to overemphasize practices and payment levels of smaller companies. (2) Jobs having the same title do not in every case have identical job content.

Because these data are thus limited, the figures can be used only to show general trends. Five specific jobs, common to most companies, have thus been selected for more detailed analysis to indicate the pattern as a whole, instead of attempting to produce "averages" which would have little meaning. The jobs, chosen for the range of skill required, are those of telephone operator-receptionist, secretary, billing machine operator, hand bookkeeper, and file clerk.

The accompanying tabulation shows average salaries for these jobs for the eight major regions of the country. Three areas show plainly that the shortage of clerical help has continued to raise local bidding; salaries are generally highest in the Middle Atlantic, East North Central, and Pacific States. Another indication of the shortage is shown in the fact that a file clerk, in a position requiring little skill or training, is paid nearly as well today as a receptionist or a billing machine operator.

In part, the distinctions between areas are, of course, due to the fact that it just plain costs more to live in some areas than in others. In terms of purchasing power, a \$35 a week job in Mobile may be very

close in real value to a \$50 job in New York.

An important source of employee-management friction was underlined by Ralph W. Ells, formerly wage and salary administrator for one of the large rubber companies and now a consultant and writer in this field, who says:

Many companies do not place enough emphasis on a uniform relationship between jobs within a company, but try to maintain external consistency by paying individual market averages for each position. This is a mistake because, in most companies, employees tend generally to compare their salaries with those paid to other employees within the company. . . .

There has been a marked increase in the use of job evaluation in offices since the 1946 Dartnell survey; 25 per cent of the companies surveyed for the 1946 report used job evaluation; today this figure has increased to 36 per cent. There was a definite relation between the size of the office and use of job evaluation; 87 per cent of the offices with more than 100 employees have a formal system of job evaluation; only 9 per cent of the offices with less than 25 workers use these techniques. There was little variation from region to region in these percentages.

A larger percentage of the surveyed companies use some system of regular merit rating rather than of job evaluation,

39 per cent compared to 36 per cent. As with job evaluation, merit rating is used more by larger offices than small; 92 per cent of the offices with more than 100 employees employ merit rating; only 14 per cent of the offices with less than 25 employees do so. The use of performance

standards, some method of basing pay on the quantity and quality of office production, was reported by only 23 per cent of the companies surveyed.

—From *Office Personnel Policies and Salary Administration*, The Dartnell Corporation, Chicago, Ill., 1950. 61 pages plus charts. \$7.50.

Make Your Letterhead a Good Salesman

REMEMBER that your letterhead is a "salesman" and that a clean, attractively designed letterhead will tell your potential customers that you operate an up-to-date business.

Here are a few simple rules for good letterheads:

The name of your company, its address, its telephone number, and possibly a brief description of the business are the principal facts you want to convey instantly.

A clutter of branch-office listings and officials' names makes for confusion in appearance and may cause a reply to be sent to the wrong address.

Good paper, modern type and well-balanced design carry a "quality" appeal in themselves.

Further pointers on use of the letterhead:

The typewritten body of the letter should be balanced, according to its length, so that it appears "framed" as in a picture.

Unless your name appears on the letterhead, be sure your stenographer types the name beneath the space allowed for the signature. You want your customer to know who is writing him without a struggle to decipher signature penmanship.

—*Changing Times*, *The Kiplinger Magazine* 6/49

P E R S O N N E L

Pensions vs. Pay

PENSIONS are no panacea for many oldsters in industry. They'd rather work. Employers are wondering what to do about it. The number of Americans over 65 (11,000,000) is already triple what it was in 1900, and actuaries think it will soar in the future to over 16,000,000.

With unions demanding more and bigger pensions and the general health getting better all the time, industrialists are wondering whether to retire men willy nilly at 65 and lose valuable personnel or let them stay on the job.

One big company where retirement at 65 is voluntary found that only a third of its oldsters quit work the year they became eligible. Another company requiring retirement at 65 on pensions averaging well over \$100 a month discovered that out of 200 people pensioned off this year, half were good workers. And of this half, two-thirds wanted to go back to work. Even miners seem to prefer work to their \$100-a-month pension. Of 23,642 miners who stopped working in the year ending June 30, 1949, only 9 per cent retired voluntarily. Some 34 per cent

were laid off, and the rest were disabled.

How big should a pension be to satisfy the aging? Edwin McDonald, a vice president of the Metropolitan Life Insurance Company, surveyed scores of companies to find out. His study indicates that if a man's pension amounts to 40 per cent or more of his pay in recent years, he usually doesn't mind quitting. Otherwise, he says, the companies find their older employees anxious to stay on.

New York City's garment workers indicate how the size of pensions governs resistance to retirement. Out of 10,000 members of the CIO Amalgamated Clothing Workers eligible for pension, two-thirds are still working. If they quit, their total pensions would be just double their Social Security benefits—that is, Social Security plus company pensions of the same size. Pensioners in the AFL International Ladies' Garment Workers' Union get more—\$65 a month *plus* Social Security. Out of 5,000 now eligible, half are still at work.

Most companies don't force their employees to quit work when they reach the normal retirement age—usually 65. But there are some big ones that do—like Standard Oil of New Jersey, Bell Telephone, Inland Steel, and General Foods, (the latter grants a year of grace for exceptional reasons).

What's good about compulsory retirement? J. W. Myers, manager of Jersey Standard's insurance and social security department, says:

It brings an automatic clean-up at the top, allows promotion, lifts morale, improves the spirit of the people downstairs, and lets people prepare for their retirement. . . . By keeping old men on, you lose operating efficiency. If you try to pick and choose, there's always the chance for discrimination all the way up and down the line. And it's hard to get an accurate report on anyone in a big organization like ours.

Only 81 companies out of 347 surveyed by the Equitable Life Assurance Society insist on retirement at the normal age. The rest either make exceptions in special cases or make retiring entirely voluntary. Three arguments against compulsory re-

tirement are offered by the industrial relations director of a big chemical company:

People may have valid, personal reasons for wanting to stay on after 65.

The nation faces the problem of how many idle old people the rest of us can support. There are 11 million people over 65 now, 7.7 per cent of the population, and both the number and the proportion are increasing every year.

Deferred retirement often serves the economic interests of the employer. Take the case of an old toolmaker, whose eyes and physical shape are still good. He can be a good producer and worth a lot more than a young man just coming along.

The compulsory retirement crowd really hasn't got a case, says this industrial relations man. People of the same age in years are as different physically as their faces. The only way to decide whether or not they should be retired is to determine their physical ages. Mr. Myers of the opposition agrees in theory. But, he argues, even doctors can't agree on a man's biological age. So retirement on that basis would be unworkable.

A purely economic argument for optional retirement is that a pension plan is cheaper if workers aren't forced out at 65. Meyer Goldstein, president of Pension Planning Company, says a program for retirement at 65 would be 20 per cent cheaper if retirement were optional at that age and not mandatory until 70, as this cuts down the total pension benefits to be paid.

Lots of companies don't hire older men. One that does is W. & L. E. Gurley Company, instrument makers at Troy, N. Y. Says president C. I. Day: "We have found it profitable because we discovered that older men can learn rapidly when the incentive exists and the instruction is good." Over 10 per cent of Gurley's workers are over 70, and more than 20 per cent are over 60.

Singer Manufacturing Company was struck for five and a half months in 1949 after the union charged that its incentive plan amounted to a speed-up that penalized the older workers. To prove this wasn't so, Singer showed that the average

pay of its incentive workers with more than 25 years' service was higher than the average for all.

Shifting people from tough to lighter work is not uncommon. Eastman Kodak does it all the time. No older worker who becomes unable to perform his regular job is ever retired against his will if there is another job in the plant that he can do. The company sometimes turns an aged boilermaker into an inspector, a carpenter into a packager, or an outside electrician into a cleaner.

A big shirt manufacturer often shifts aging sewing machine operators to putting shirts in boxes. A big utility recently transferred two older men from breaking up streets to running elevators. Another company did almost the reverse. It transferred one aged employee from his elevator to production work. The plant manager had decided operations could be speeded up if the elevator operator also helped load and unload freight, so he put a stronger man on the job.

Such shifts of elderly people to lighter jobs often bring pay cuts, but sometimes they don't. And here the supporters of compulsory retirement jump in with protests against "hidden pension costs"—the difference between an unproductive worker's pay and the pension he would get if retired. These costs can be tremendous, says Jersey Standard's Mr. Myers.

What's the union attitude on compulsory retirement? Says William Green, AFL president: "No person who wishes to work and is still capable of making his contribution should be denied the opportunity because of some arbitrary age limitation." But Louis Hollander, president of the New York State CIO Council, declares: "I have no objection to compulsory retirement, provided the pension is sufficient to allow an elderly person to live in dignity. This gives younger men a chance to get jobs, when otherwise they might be on the street."

—BY STEPHEN K. GALPIN. *The Wall Street Journal*, December 19, 1949, p. 1:2.

Employee Rating Guide to Be Published April 28

RATING *Employee and Supervisory Performance*, a handbook of modern merit-rating principles and techniques by a group of the nation's top authorities in this field, will be published by the Association on April 28. This manual includes selections from the best material AMA has published on the subject, in addition to a specially prepared section based on AMA research into company rating methods, with exhibits of forms in actual use. The manual is designed to help the reader evaluate an existing program or to set up one from scratch. It will consist of 16 chapters, totaling almost 200 pages, with more than 50 illustrations. Pre-publication prices are \$2.50 per copy to AMA members, \$3.00 to non-members; prices after publication will be \$3.25 and \$3.75, respectively.

● IN THE SUMMER OF 1947, representatives of the U. S. Department of Labor, with company permission, studied the physical examination records of the Toledo production employees of Libbey-Owens-Ford Glass Co. Out of approximately 4,000, 357 (or nearly 9 per cent) were classified as "impaired workers," according to government standards. Personnel records showed these people to be steady workers with superior safety records. The company today has an even higher percentage of handicapped workers in its plants—and earnings are at an all-time high.

—FROM AN ADDRESS BY E. H. VAN DELDEN before the National Society for Crippled Children and Adults

How Unions Are Run

AS a labor union editor, I must plead guilty to the charge of printing news that is biased, news that is deliberately intended to favor the union movement. Even the headlines in my paper are slanted with care. In fact, nearly everything I select for publication seeks to show the members that the union is constantly fighting for them and that management is not sincerely interested in employee welfare.

Do I believe all that I print? Let me answer this question with a hesitant "yes." Do I write all that I really believe? The answer is a definite "no." Do I print the whole truth about the union-management relationship? Again the answer is "no."

Before telling why I write as I do, let me point out that the broad struggle between labor and management has now centered around the union's drive for economic security as opposed to management's favoring the kind of free enterprise in which depressions have occurred all too frequently. This was not always true. In the beginning unionism grew, in part at least, as a revolt against the dictatorial and insulting actions of some foremen and management men. For example, one superintendent in a large steel mill, some 20 years ago, used to force his men to do work around his home without pay. Many other supervisors demanded all sorts of favors from the workers. If they refused, they were frequently discharged. These men, of course, welcomed unionism and were eager to strike in order to gain nothing else but the vague goal of union recognition. But now that unions have nearly eliminated the shabby treatment of these management men and are able to settle most grievances without too much trouble, the newer goal has become economic security.

However, since most workers are fairly well satisfied and feel secure if they, themselves, are working; and since they have become freed from employer domination, this newer goal of economic security lacks the emotional appeal which

so vividly characterized the strikes for union recognition of a few years ago. Workers no longer hate and fear the boss. As a result, it is difficult for union leaders to arouse enthusiasm among the rank and file in the drive for economic security. Unionism has lost much of its emotional appeal. It's hard to fight without hating the enemy.

For this reason those of us in the union movement who believe that economic security is a definite possibility and not just a dream feel impelled to work for that goal. We are unwilling to accept depressions as inevitable, and we do not intend to stand idly by while men lose their homes and suffer in a thousand ways through economic collapse. In working for this goal, we attempt always to stir up the union membership in a manner like that used by governments during warfare. For it is warfare; with union-management peace being an impossible goal until greater economic security has been achieved. The drive for security as reflected in the union's demands for pensions, a guaranteed annual wage and so on, is an irresistible movement; and, unless the capitalistic system is able to produce a society free from depressions, it appears as though more and more socialism will result.

As a union writer I turn out reams of material intended to favor the union movement, pointing out every specific case that comes to my attention in which employees have been "shoved around" by management men. I keep in close contact with radio stations and the daily press, reporting to them all important events. In doing this I report to them as objectively as I can, and I find that, with a few notable exceptions, the union receives fair treatment by both the radio and the press.

And so, because of worker apathy and because we believe that greater security can be attained, we strive always to win both public sympathy and the active support of the union body. As I write and

select material for publication, however, I am frequently disturbed by the fact that I am compelled to be deliberately unfair to management. If I told the whole story, I would write that most of the management men whom I know are sincere, conscientious men and that the mistakes they make which result in grievances are more often errors in judgment than they are deliberate attempts to "shove the men around." We know—those of us in the union who think about it—that most management men are really trying to do a good job and are trying to get along with the workers. But this was not always true. Only recently has management become interested in good human relations.

If I told the whole story, I would write about the careful strategy which is planned during preparations for a strike—strategy that involves not an appeal to the workers' logic but rather a deliberate campaign to arouse their anger. If I told the whole story, I would write that workers are eager to strike only when their latent emotions are aroused and that the logical goal of pensions, for example, is insufficient by itself to win worker support. From this it appears as though the average worker is satisfied if he is treated with dignity and respect and is paid a fairly adequate salary. For this reason, many companies have begun programs designed to improve human relations in industry, but this is only a one-way approach and will not solve the union-management struggle, because the goal of union leaders goes far beyond that of good human relations.

Many of the top union leaders are realists, and they know that management men, all the way up and down the line, have their production problems to solve and, for that reason, union leaders believe that these men are completely unable to plan the economic security which society demands. Union leaders believe—those who think about it—that without a great social movement such as unionism to function as a restraining force it would not be long until management would establish a tight little society of its own, which would

operate with vicious selfishness, much as did the society of kings and queens prior to the French Revolution. Thus union leaders justify the marching force of unionism as a means of curbing selfishness and greed. To these leaders, unionism is democracy in action, with democracy really meaning that no man can run rough shod over others and that every action taken is the result of fought-out compromises. That is democracy, these leaders say; and unionism, as a liberal movement, supplies the strength to counteract the forces of reaction.

One top union leader to whom I spoke recently expressed it this way:

Let's face this thing realistically. If you and I were management men, we would be trying to do a good job of production and we would be trying to improve ourselves without caring too much about the other fellow. Management men are that way. And it is only through unionism that we can force them to play fair and be honest.

Thus unionism goes beyond good human relations as it is taught to management men; it is a movement of realism.

As a union writer and editor, I too am a realist. I believe that unions are an essential part of our democratic society and not a mere nuisance as some persons think. But sometimes as I look around and see this great social force moving forward, I become definitely alarmed. I am afraid of the impatience of this great giant; and I sometimes fear that unions have already moved faster than men have been able to adjust to the change. I fear that the great social movement for security will progress too rapidly and that different parts of the machine of our society will be removed or altered so quickly that complete chaos will result. Adjustments must come slowly. In England, for example, it is highly probable that the change in government was made too quickly.

It is for these reasons that I am often tempted to rush into print to warn against the danger of impatience. But I never do it and I never will because I realize that I am only a tiny bit of flotsam riding along the crest of a great wave, sur-

founded by thousands of men impatient to reach the shore.

Management, it seems to me, is fighting a losing battle; but, at the risk of being treasonable to the union movement, I can only hope that these men continue to resist with all their strength and that they give up only an inch at a time. For the good of society, I hope that management braces itself against the thrusts of the unions and compromises when it must, and even then with great reluctance. I say this not because I want them to maintain their own little society but because I believe that it is only through their resistance that we can emerge from

the struggle with the best possible form of economic security for all.

"Management must fight back," several union leaders have said during our "bull sessions." "If we had our own way completely we would certainly get the whole thing into one hell of a mess."

So, as the struggle rolls along, I'll keep my fingers crossed and continue to support the union movement, writing such headlines as: "PROFITS SOAR; WAGES FALL" and "STRIKE LOOMS AS COMPANY SAYS 'NO.'"

—BY HAROLD STEVENS. *Personnel Journal*, January, 1950, p. 279:6.

Do Suggestion Systems Make Employers Liable for Extra Overtime Pay?

HAVE you been worrying about your suggestion system? Afraid that the wage-hour act makes you liable for overtime payments on the time your workers spend figuring out suggestions? You can relax.

The problem was raised some months back by a decision of the Wage-Hour Division of the Labor Department. Now a new opinion by the Division seems to have settled it. The earlier decision advised a bank that time spent by employees on a contest for new business—which involved outside soliciting on the employees' own time—must be counted as working time. But in response to further questions, the Wage-Hour Division amplified its position: It held that if an employee spends "considerable time" in detailed work, the time must be counted as actual time worked. At the time, the Wage-Hour Division drew a distinction between: (1) ideas worked out at home, in detail, with considerable time and effort; and (2) those which occur on the job, and which are jotted down in general terms on suggestion blanks, and dropped in a box provided for that purpose. The Division said the second group needn't be considered to be time worked.

Trouble with the old decision was that it didn't make clear what the circumstances were under which it would or would not apply to a specific case. Result: Employers who encourage their workers to submit suggestions—either for regular suggestion system awards—or in special contests—began to see new specters of inflated overtime bills.

The new opinion lays these specters to rest by listing the conditions under which the old decision does not apply. And they seem to cover most cases. The nub of it is that you don't have to worry if substantially all of your workers are invited to participate, and if "no specific assignment is outlined to employees to work on or develop."

But you are still liable if: (1) The making of suggestions is "connected with the usual and customary duties" of an employee. (2) You require or urge an employee to make suggestions as a condition of holding his job. (3) You lead an employee to believe "that he will not merit promotion . . . unless he submits suggestions."

—*Business Week* 11/26/49

● **COMPANY POLICY** at Stanolind Pipe Line Co., Missouri Division, reads: "An otherwise eligible employee shall be disqualified for bidding on vacancies in cases where he would be under the immediate supervision of his father, son, brother, half-brother, brother-in-law, or son-in-law."

—*Employee Relations Bulletin* (National Foremen's Institute)

"Selling" the Plant Newspaper to Employees

YOU'RE telling management's story to your workers through the pages of your plant newspaper. You're working your pencils down to the lead writing up the facts that prove that plant boss and plant worker must pull together to produce the goods that eventually raise the standard of living of all concerned. But—are your employees reading the stuff?

Too many managements today are failing to realize that you can put a plant paper in the worker's hand but you can't make him read it. Their failure lies in the fact that they do not recognize that they must *sell* readership of their plant newspaper just as aggressively as any metropolitan daily. A second failure lies in the fact that they have—with very few exceptions—overlooked the powerful influence that is exerted by the worker's wife. *The Ladies' Home Journal* has based an apparently endless advertising campaign on the thought: "Behind every man's purchase lies the influence of a woman." It is well worth taking into account that whether a man likes a job or not depends in large measure upon whether or not his wife wants him to—and makes him—like it.

Why must readership of a plant newspaper be sold? Few plant managers will disagree that the men they want most to reach with management's story are what may well be termed borderline workers. Right now they don't think much of the XYZ company. Sure, they've been around long enough to get some seniority. But so what? This crummy job with this outfit isn't going to hold them. They're looking for something better. Now take the ABC company. Sure, they pay five cents an hour less, but look at all the overtime you get!

Plant managers know that such an attitude, all too prevalent, kicks up the labor turnover rate. And a high rate of labor turnover slows production and shoves costs upward. And that ends with a call from the board of directors with the idea of finding out how come.

Plant managers—and plant editors—can take a valuable tip from the Chicago *Tribune*. *The Tribune* has the next to largest daily and Sunday circulation in the country, 950,000 copies daily, 1,650,000 Sunday. Nonetheless, it is a rare issue which does not carry a front page promotional box calling attention to several pieces of enticing reading which are to appear in tomorrow's *Tribune*. *The Tribune* knows that just because a man is reading today's paper it does not follow that he will read tomorrow's!

One of the most nearly sure-fire ways to increase readership of plant publications is to mail them to the employees' homes. That costs money, the plant manager will argue. Of course, it does. But it is a matter of being penny-wise and pound-foolish. An adequate budget for a monthly publication in plants employing 2,500 to 5,000 persons is \$750 to \$1,000. Compared with a budget of that size, the mailing cost becomes an item of expense almost in a class with supplies for the newspaper office. It is not worth worrying about. Running into more money, but well worth the cost, is the practice of mailing the plant publication in an envelope.

Against these items of expense let's stack up the advantages. First of all, the publication mailed to the worker's home is almost certain to fall into the hands of his wife. Human curiosity being what it is, she is virtually certain to examine it, reasonably certain to read it at least in part. Second, the worker himself will pick his plant newspaper off the library table at a time when, being at home and comfortable, he is most likely to read it carefully, most likely to be in a receptive mood. Third, the worker's older children will have an opportunity to learn about your plant and your team. As to the advantages of enclosing the publication in an envelope—that way it arrives like something worth while, which it is, and the

worker's wife takes it all fresh and clean out of a protecting envelope.

Next, each issue of the plant newspaper should contain some sort of notice—preferably laid out in advertisement style—selling the reader on features to appear in the next issue. This implies that the plant editor must work out some continuity of purpose. This of itself is a good thing. It also means that he must think not only of the current issue, but of the following month's issue as well. Again this is an advantage from the editorial standpoint, for it will militate against that thrown-together-at-the-last-minute look some plant publications have. A planned publication certainly will be a better publication. And it will also hold the reader's interest from issue to issue.

Getting the non-reader to read your plant newspaper is, after all, a matter of making him want to read it, of whetting his appetite for the features it contains. Those features must be sold to him so aggressively that he will have to read them in spite of himself.

One of the best mediums for this is the bulletin board. Few people can resist the appeal of a notice on a bulletin board. We all read almost every one, whether it concerns us or not, just to make certain we are not missing anything. A few days before the current issue of a plant publication is to be mailed, notices should begin to appear on plant bulletin boards. They need not be large. A few type-written lines such as "How did Foxhound Bill Perkins get his name? See the April *Plant Postal*" are enough to start the ball rolling. The idea is not to tell the story in advance, but to get the workers talking among themselves about it.

Another method is to have a number of prints made of a photograph which has been used to illustrate a feature of wide appeal in the plant. Post this photograph on bulletin boards with the caption that several more photos taken in that department will also appear in the April issue of the *Postal*. A variation on this would be to cut out the heads of workers appearing in the photograph, ask workers

to "guess who," and tell them that the workers are identified in the April *Postal*.

On the same day that the plant publication is mailed, large posters should appear in prominent places in the plant telling workers that the April *Postal* is being mailed today, that they should watch for it. This poster too would be improved if it bore a print of some photograph from the current issue of the factory publication. Forewarned, workers will watch for the plant paper in their homes. After all, the worker's wife can use it to wrap up the garbage or Sister Sue may use it to put in the bottom of the birdcage.

I do not think the importance of getting the worker's wife to read your plant publication can be over-emphasized. Any company that can sell its workers' wives on the advantages of a regular place on the regular payroll has done much to combat absenteeism and tardiness. It has done much to forestall strike votes before labor unrest even appears.

Women are the world's great conservatives. Above all they want security. They are much more interested in a pay envelope that contains a sure \$60 a week than in taking that chance that may mean \$120 a week—or may mean the old man will be back in the employment office asking for his old job back . . . and with no seniority.

That is why it is so tremendously important that you get your message into the home where Mrs. Worker can read it. That is why you must break your neck to tell her how XYZ workers have bought homes, raised families, acquired that little cottage on Mud Lake, helped the kids through college, paid for small farms, all while working for your outfit. And don't forget to remind her that today's take-home pay is far higher than it was when Veteran Worker Jack McCarthy started in the foundry.

And even to the little lady at home the plant newspaper should be sold. The Ford Motor Company's *Rouge News* is doing a good job of this by using the tried and true woman's page technique.

This page contains the usual homemaking hints about cooking, fashions, and the like. But each is tied to a worker's wife. The recipes are suggested by workers' wives. Housekeeping hints are told by workers' wives. To obtain them, *Rouge News* staff members must contact workers' wives. The advantage is obvious. Wouldn't your wife be watching for the local paper if she knew her name was going to be in it? We all like to see our names in print. Print the name of a worker's wife and you've made a reader for your plant publication.

Remember: There is no law that says your employees must read your plant publication. They can take it or leave it alone. It is up to the plant management to plan and push through and then keep pounding away at an aggressive promotional campaign that will make those borderline workers read the newspaper in spite of themselves. It is not enough to give it to them. You must make them want it.

—BY ARTHUR C. NORRIS. *Mill & Factory*, July, 1949, p. 120:3.

Making Full Use of the Employee Publication

TO present management with a picture of the policies, practices, and procedures that govern employee publications, The Associated Industries of Cleveland surveyed 44 companies in the Cleveland area.

Some of the highlights of the survey findings are noteworthy. For instance, 39 of the 44 companies queried think their house organs are valuable as a vehicle of public relations. In addition to sending their plant newspapers to employees, they provide copies to persons outside the company. Among the groups reached thus are retired employees, stockholders, customers, associations, dealers, and people or institutions that ask to be put on the mailing list.

Many an alert management today holds that an employee's family must be part of an integrated industrial relations program. For that reason every effort is made to inform them about the plant and its policies. To make sure they have the chance to read what's going on where their husband or father works, and to encourage them to take personal pride in his accomplishments as contributing to the accomplishments of the company, more and more firms are using the mail to bring the house organ into the employees' homes. More than 50 per cent of the companies questioned use this method. Other means are: distribution at exit gate; distribution in bulk to departments; distribution with pay check; distribution by messenger.

Nineteen companies check readership by formal surveys. Editors of the remaining 25 publications use different methods. Some are: by general comments from employees; by requests for current numbers; by observation at pick-up and distribution points; by conversations with employees about various articles.

So important has the house organ become as a medium of company news that nine plants employ a full-time editor; for the remainder, editing the plant paper is an important assignment of someone in the personnel or public relations department.

● EMPLOYEES' PHOTOGRAPHS in the company house organ provided the germ for an idea to build morale at the Eclipse-Pioneer Division of Bendix Aviation Corporation, Teterboro, N. J. Every time an employee's photograph appears in the magazine—whether for a long service record, a promotion, or whatever the reason—an extra print, a matte print, highlighted as it would be if taken in a portrait studio, is made of the picture. A company official presents this "studio-type" picture, mounted in a folder, to the employee, shortly after the magazine appears, and congratulates him on whatever distinction caused his picture to be published.

—*American Business* 4/49

BLS Dictionary Defines Wage Terms

CAN you tell a "pacesetter" from a "peg point?" Would you recognize a "runaway rate" at first glance? Can you define "finish-go-home basis of pay?"

There's no need to feel stumped when such phrases crop up in conversation. Uncle Sam has the answers. No need to rip the top from an old bargaining table, or mail in coupons and coins to provide yourself with the right conversational background. Just send your name and address to the Bureau of Labor Statistics, Labor Department, Washington 25, D. C., and ask for the new booklet, *"Glossary of Currently-Used Wage Terms."*

This handy little dictionary of the more polite words and phrases bandied about in collective bargaining is free. Carefully indexed for convenience, it provides thumb-nail definitions of 342 oft-used terms, arranged alphabetically from "across the board increase" to "waiting time."

For example, you'll discover, in case you didn't know, that a "pace setter" is "a worker who is better-than-average on a particular job, and whose production is used by an employer as a standard for measuring the amount of work which can be done in a given period of time."

A "peg point," on the other hand, is defined as "an occupational rate for a key semi-skilled or skilled job establishing an equitable differential within the wage structure."

As for "runaway rate," that's nothing more or less than "a price rate or other incentive rate which results in earnings that are out of line with earnings in other jobs of similar requirements." Simple, isn't it? This sort of thing often happens, the BLS adds, when improved methods bring a big increase in productivity. If you were a little baffled by "finish-go-home basis of pay," that's explained as a "practice under which employees are permitted to go home after completing a specific work assignment generally considered a standard day's work."

The Labor Department wage experts hope their glossary will help employers and labor leaders at least to reach agreement on what they are talking about. The booklet is designed to "indicate current usage" of terms, but the authors do not claim their definitions are necessarily "standard."

Employers will find a host of possible union demands spelled out in the new wage term glossary. A few samples:

"Explosive trucking bonus": "A bonus paid to workers in the explosive manufacturing industry."

"Doubleheading pay": "... Extra compensation given the railroad engineer where very steep grades require the use of more than one engine for some distance."

"Call-back pay": "The pay received by a worker called back to duty after completing his regular assignment."

"One-man car differential": "... A premium paid to street car operators who operate vehicles without the assistance of conductors."

—PHILIP GEVELIN in *The Wall Street Journal* 1/13/50

● **OPEN YOUR BOOKS TO THE UNION?** The answer is *yes* for employers who tell union negotiators they can't afford a raise. This longstanding NLRB rule is being dusted off as more and more companies claim inability to pay. A trial examiner recently recommended that management be required to back up its claim with specific information—percentage of dividends to capitalization, or a dollars-and-cents cost breakdown into raw materials, wages, salaries of officials, depreciation, overhead, and dividends. All the Board requires, however, is that you give the union sufficient information to allow it to bargain intelligently; you don't have to furnish the information in the exact form requested by the union.

—*Labor Checklist* (Research Institute of America, Inc.) 10/26/49

Relative to Relatives

"IT'S OK to hire them, but don't place them under the supervision of their kinfolk." That, in sum and substance, is the opinion of the majority of employers on the problem of hiring relatives.

Evidence that favored treatment is granted an employee because of blood relationship can cause a serious morale problem in any company. Guarding against accusations of nepotism is a constant concern of management. In a recent speech, Hughston M. McBain, chairman of the Board of Marshall Field & Company, highlighted this problem as it relates to a positive program for preserving free enterprise. He urged all business men to see to it that "people really do have equal opportunity . . . that promotion up the line actually works . . . that relatives are not favored over others."

If nepotism is a problem, what can be done to correct it? What selection and placement measures can be taken to eliminate or, at least, control it?

One solution, and a severe one, is specifically to prohibit the hiring of relatives of any current employee. Another is to permit the hiring of relatives, but to regulate carefully their placement in the organization. On the basis of a recent Conference Board survey on this subject, it appears that the latter solution is by far the more popular.

According to the survey, a large majority of companies do not exclude relatives, but where they are hired, their placement in the organization is to some extent restricted. Two types of restrictions are most frequently cited. One is to prevent employees from being placed under the supervision of a relative. The other is to prohibit them from being placed in the same department as a relative.

As might be expected, there are more restrictions on the placement (as well as hiring) of relatives of salaried employees than of hourly workers. Opportunities for nepotism are more likely to occur when the applicant is a relative of a

salaried person, particularly one having supervisory or executive responsibility. As a matter of fact, in more than a few companies where relatives of non-supervisory employees are hired freely, company policy or practice forbids the hiring of relatives of those in managerial jobs. Note, for example, the following expression of policy from one firm:

As a general rule, family connection is no bar to employment in the company. Employment and promotion depend on individual and merit. However, no applicant will be placed in a job where he reports to a relative. As an exception to this general rule, the company does not employ relatives of officers or executives, or of directors of the company.

A few companies actually encourage the hiring of relatives. In general, they feel these relationships, particularly those of the father-son category, are desirable. Such factors as loyalty and interest in the company can be greatly enhanced where two members of the same family are on the payroll.

Acceptance of the principle of hiring relatives may also occur more frequently where the company or plant is located in a small community. Recent interviews with personnel directors in such companies lends support to this observation. Any policy opposing the hiring of relatives would cause considerable hardship, particularly in those communities where the company is the principal employer.

In companies that restrict the placement of relatives, a problem may arise after employment has begun. For example, through marriage or promotion, a supervisory relationship may come about where none previously existed. What's to be done in such cases?

An informal survey of over 20 personnel directors seems to indicate that in such cases the policy must come first. As to how to handle a specific case such as this, a variety of answers is suggested. Transfer of one of the relatives is the most common solution.

When a company reviews such policies as its wage rates or vacation plans, there may be much to be said in favor of keeping in line with the practices of the majority. For a company setting up or reviewing its policy on relatives, however, the implications of the problem within the individual company and its community should be studied first. What works for the majority of companies may not be

suitable. The final policy adopted should be consistent with the personnel framework or climate in which the individual company operates.

—BY JOHN J. SPEED. *The Conference Board Management Record* (National Industrial Conference Board, Inc., 247 Park Ave., New York, N. Y.), January, 1950, p. 11:3.

Apprentice Training Provides Industry's Skilled Mechanics

TODAY in industry there is an ever-increasing need for new recruits to that vast army of skilled mechanics who make the functioning of modern metal-working plants possible.

Were it not for the excellent apprentice training programs which have been instituted by many firms—programs which are providing skilled mechanics for the future—our modern system of mass production would eventually come to an impasse. For operating a modern, automatic, high-production machine affords a man little opportunity to acquire the skill and broad understanding of a particular craft that is essential to a good mechanic.

One forward-looking company that has sponsored apprenticeships for many years, both to provide craftsmen and also with a view to developing men who have the ability and desire to move ahead, is Fisher Body Division, General Motors Corporation.

Approximately 418 apprentices now are going through three- or four-year apprentice training courses at Fisher Body Division, and upon completion they will receive a Certificate of Completion of Apprenticeship. This certificate entitles the graduate to be rated as a journeyman and permits him to assume responsibilities comparable to those of other qualified mechanics. In addition to practical on-the-job training, the apprentice is required to study related subjects in school, such as

drafting, shop arithmetic, basic metallurgy, etc. In order to provide a well-rounded background for the trade, this education is usually acquired at a vocational school concurrently with the shop work.

It is this education in related subjects that makes modern apprenticeship training quite different from the older forms of trade learning, which taught only manual proficiency in a single line of work. This related training program was adopted at Fisher Body in 1936, following a long study of apprentice training methods.

An applicant for apprentice training must: be between 18 and 21 years of age; pass a physical examination; have the equivalent of a high school education. Moreover, he should be mechanically inclined and demonstrate a definite interest in the trade of his choice.

While he is on the job, the apprentice is under the guidance of the foreman of the department in which he is working. To assure his protege's progress, the foreman rotates him from job to job so that he becomes familiar with each phase of the trade. The apprentice is also given access to trade periodicals, material catalogues and similar publications so that he may round out his general knowledge.

The four-year apprentice courses require a total of 7,280 hours while the three-year program calls for 5,460 hours.

The apprentice receives a wage increase after each 910-hour period of plant experience provided his work is satisfactory. The student is required to spend a minimum of 144 hours per year, or a total of 576 hours in a four-year period on related training in some qualified public trade school. In addition, weekly shop meetings during work hours add 50 hours per year to this schooling. In these meetings, company and shop procedures and policies, industrial safety, shop conduct, plant organization and similar subjects are discussed.

Complete records are maintained on all phases of the young man's training. Shop foremen and instructors review his progress periodically in such matters as learn-

ing capacity, skill, job adjustment, personal characteristics and initiative. A training coordinator checks these appraisals carefully and discusses them with the apprentice when it is advisable.

Upon graduation, the apprentice is eligible to take his rank as a journeyman, with the minimum wage rate of the classification he enters. Future adjustments in his wage rate are made, commensurate with his progress as judged by his supervisor.

Obviously, the apprentice training course, as conducted by Fisher Body Division, affords the employee an excellent start toward any goal in industry.

—*Production Engineering & Management*, September, 1949, p. 61:4.

Of Time and the Worker

WHAT percentage of standard is an employee usually required to meet to hold his job? Of course there can be no set policy on this, for it would vary with the operations and production methods of the particular firm, and time study is not universally practiced. Here are some employers' practices, however, which emerge from a recent survey on the subject conducted by The Associated Industries of Cleveland among firms known to employ sound and fair time study procedures.

Company A. Employee must get 85 per cent of his standard in 30 days, or he is not considered capable of holding the job. Average is 112 to 115 per cent.

Company B. No definite policy, though if employee does not make between 88½ cents and \$1.24 per hour, the job is checked, and if standard is correct, the employee is told to improve. Average here is 130 to 135 per cent.

Company C. Standards are set, but all employees are on hourly rate. If employee does not meet standard, the foreman talks with him. If necessary, job is restudied, but if standard is okay he must produce accordingly. No additional pay is given when standard is bettered, but such employees gain in job security and promotion opportunities.

Company D. Has straight piecework with guaranteed day rate. If employee fails constantly to earn his day rate, he is discharged. Average earnings are 60 to 80 per cent above day rate.

Company E. 75 to 80 per cent of standard. Average 125 per cent.

● A NEW SERVICE to employees who are "legitimately" ill was recently inaugurated by The Formica Company, of Cincinnati—the loan of a portable television set during their period of convalescence or a portion thereof. The length of time the set is left with one employee is determined by the number of individuals who are off sick at any given time.

—WILLIAM D. FENTRESS (Personnel Director, The Formica Company)

Education and the Employee

ONE of the most interesting aspects of the American system of private initiative is the emphasis that conscientious companies have come to place on the education of their employees. The training program of almost any modern management is one that would be incredible to the average European. From the standpoint of the technical, it is sometimes equivalent to at least two years of college.

Industry is aware that progress comes through efficiency, that "know how" is not a silver spoon placed in the mouths of a lucky few at birth. For that reason it invests, and wisely, considerable sums of money in the development of its personnel. How this has paid off is indicated every time a notice appears in the paper that some person's suggestion for an improved way of doing things has won him a cash award at his company.

And there is no trace of paternalism in these programs. They are based solidly on mutual benefit (as is, for that matter, our entire economic system). An illustration of this is the practice of an ever-increasing number of firms of encouraging their people to take outside courses in neighboring schools and colleges. In doing so, hard-headed business remembers what is so frequently forgotten by the advocates of the Welfare State—that for anything to be of value to a person he must put forth some effort.

To check current policy in out-plant education programs we recently called a number of companies in the Cleveland community. Eight had programs which it will be informative to review.

Each concern lays down certain rules to which the employee must conform if he wants to take an outside course. Naturally they vary, but in general they may be reported as follows: (1) the course must be in line with the employee's work; (2) it must be sponsored by an approved school; (3) an executive of the company must okay the employee's enrollment; and (4) the employee must pass the course. When these requirements are met, five

companies will pay 50 per cent of the cost; one company pays from 50 to 100 per cent of the expense; another gives 60 per cent; while the last foots the entire bill.

A look at the individual programs will be enlightening:

Company A. Employee requests company help with tuition and names courses he intends to take. Request is reviewed by committee composed of personnel director, assistant to superintendent, and employee's department head. If they approve and employee reports satisfactory grade after completing course, he is reimbursed for 50 per cent of his tuition fee. From six to a dozen employees are helped this way each year, and management expects more when the educational provisions under the GI bill are no longer available.

Company B. Employee applies to his supervisor and personnel director for help with tuition fee for course which he names. If they approve and his grade is satisfactory he receives half the fee. The company will also pay 50 per cent of tuition and registration fees if employee wants to finish his high school or college course. This firm has aided from 25 to 30 of its people during the past year.

Company C. Employee makes application on tuition fund. It must be approved by training director, personnel director and assistant personnel director. If employee passes course with 'C' or better he receives 50 per cent of his tuition fee. During past year 90 of company's employees were assisted under these conditions.

Company D. When employee has five years' service with the company and wishes to take course at college level that will be of benefit to him on his job, he applies to personnel director. If his application is approved and he receives a passing grade on the course, 50 per cent of his tuition and laboratory fees are returned to him. Under the plan the com-

pany has helped at least one employee a year since 1943.

Company E. The company will pay 60 per cent of the tuition if it does not exceed \$25. Course must be approved by employee's department head, and a 'C' grade or better must be his mark for the course. About 15 employees were aided during past year.

Company F. This company will pay 50 per cent to a maximum of \$80 in any calendar year to an employee desiring to take an outside course. The conditions are: (1) Employee must make application on written form submitted to his supervisor; (2) it must be approved course at approved school; (3) he must receive satisfactory grade for his work.

Company G. 50 to 100 per cent of the

tuition fee of a course is put up by the company if the employee takes an approved course at an approved school, gets a passing grade, and his attendance is good. Ordinarily 50 per cent is paid. However, if the employee has "a lot on the ball" and is headed toward a really good job with the company, he may be reimbursed for the entire cost of the course.

Company H. This company pays the entire cost of the course. Conditions are: (1) course must be in line with employee's job; (2) it must be approved by superior or personnel director; (3) passing grade must be achieved. If fee is more than \$25, approval must be secured from president of firm.

—*The Associated Industries of Cleveland Newsletter*, August 15, 1949, p. 1:3.

"Milestone" Pension Plan for 10,000 at Johnson & Johnson

A NEW liberalized pension plan embracing 10,000 employees and paying, with Social Security benefits, up to 56 per cent of average earnings recently went into effect at Johnson & Johnson, New Brunswick, N. J. The plan, to which employees contribute, provides exceptionally generous pensions in that retiring employees will receive, on the average, six to seven times the amount of their contributions.

Pointing to two special "vesting" features, Robert Wood Johnson, board chairman, termed them "milestones in future pension programs." They are the right to name a co-annuitant and the right for any employee 45 years of age or older, with 15 or more years of service, to leave the company and still receive retirement benefits.

Even employees with 30 years of service at the age of 65 who are now approaching retirement will receive a minimum of \$100 a month, the amount of this minimum being scaled down proportionately in the case of those with less than 30 years' service.

The total expense of this retroactive feature, costing more than \$3,000,000, will be borne by the company. For future service benefits the company will pay substantially more than the amount contributed by employees. The annual company payment will approximate \$1,000,000 a year.

Employees have the right to name a wife, husband or other dependent, who will receive a retirement income for life upon the employee's death after retirement.

—*The New York Times* 12/31/49

● A NEW IDEA IN SUGGESTION SYSTEMS was presented recently at the annual conference of the National Association of Suggestion Systems in the description by Mr. I. N. Hultman, Vice President, Eastman Kodak Co., Rochester, of the Rochester Community Plan in which 35 companies are now participating. Mr. Hultman warned that the installation of such a plan is a complicated process but said that the benefits gained from correctly designed systems included economies in operation, improved products, greater safety, and better methods and processes.

—*Personnel Journal* 1/50

Scoring High with Your Workers Through Organized Sports

MORALE has come to mean a lot more in industrial relations parlance than just keeping a man happy on his job. It also adds up to a thumping big annual bill for leisure-time recreational programs—which, according to an estimate by the *Industrial Sports Journal*, cost industry some \$400 million a year.

Sports, naturally, consume a very big chunk of this money. The *Journal* conjectures that industry now buys more sports equipment than all the nation's schools' and colleges combined. Chrysler Corporation, for one, orders baseball bats literally by the carload.

Industry figures that the money it puts out on organized sports programs is money well spent. The softball diamond and the bowling alley play the part of safety valves. After-game chatter in the locker room builds friendships and understanding between men of different departments and job levels. And many companies also find that sports programs attract—and keep—high-grade employees.

The enthusiasm for sports is there, say industrial relations men; all that's needed is a green light from management. *Business Week* correspondents checked plants across the country, found two major types of company sports organizations: (1) the employee-sponsored type; and (2) the management-boomed—and financed—athletic associations.

Far in the lead is the employee-run organization, typified by the Federal Cooperative Association of the John Hancock Cooperative Mutual Life Insurance Co., in Boston. It handles sports, picnics, excursions, and the like for its 4,000 members. FCA is headed by a hard-working president and a 12-man board. Its income from dues and benefits makes it entirely self-sustaining.

Ford Motor Co. has what is probably the biggest of all management-financed programs. Organized in 1945, it is run by the Recreation Section of Employee Services Department of Industrial Relations. Ford's sports section has 14 full-

time directors. They're kept busy. More than 20,000 workers at Ford's River Rouge plant alone take part in company sports. Bowling at Rouge are 60 men's leagues, 13 women's. In addition, there are 100 softball leagues, 20 golf leagues, 22 basketball teams. Ford people can also play any of a score of sports, from tennis to archery—or can even join a sling-shot club. Ford supplies most of the play space for these sports, plus the uniforms and equipment for its teams.

Some companies have jointly sponsored employee-management sports organizations. Carter Carburetor Corporation, in St. Louis, offers a good example of this setup. The company chips in by paying the salaries of a full-time sports director and four assistants. The rest of the money comes from the company coffee bar and vending machines.

Vending machines, in fact, are a major source of revenue for many company sports programs. One employee-run athletic association, at Prudential Insurance Co., has a monthly take of no less than \$700 from the coin machines.

Despite its popularity as our national sport, baseball does not rank high as an organized sport, except in the South. That's because of a marked trend away from the body-contact sports, which mean injuries and absenteeism—as well as pressure from irate wives who complain about the time their husbands spend at the ball park.

Bowling has the big lead in the industrial sports field. Almost everyone can learn to bowl and it doesn't cost much money. It's a big-time sport at many plants: There are 12 alleys in Goodyear Tire & Rubber Company's \$2.5 million recreation hall; Allis-Chalmers Manufacturing Company has 26 leagues with 16 teams each.

Golf is probably the fastest growing company sport. Reasons: shorter working hours and more loose cash. Firestone Tire & Rubber Co. has an employees-only, 18-hole course that pays for itself; General

Electric Company's lamp department at Nela Park in Cleveland has 20 company golf teams going this year.

Softball is now about second to bowling in popularity, particularly in the Midwest. For instance, Briggs Manufacturing Company, Detroit, has 100 softball teams, one of which won the world's amateur softball title last year.

But there's still room left over from the better-known sports for some idiosyn-

crasy. Take Indianapolis' P. R. Mallory & Co., Inc., which sponsors a duplicate-bridge league as well as a fox-hunting club that tallied 16 brushes last year. Or Milwaukee's Harnischfeger Corporation, which has a dart-throwing league. Said one happy winner of Harnischfeger's tournament, "I lived to wait until I was 67 before I won a trophy for anything."

—*Business Week*, July 2, 1949, p. 22:2.

Fringe Benefits—Who Should Pay for Them?

AT THE present time the largest unions in the country and many of the others are putting their chief emphasis on so-called "fringe benefits." Few would dispute the desirability of health, medical and sick-benefit coverage for the average worker, but the underlying question is: Who should foot the bills?

To get the worker's opinion, Macfadden Publications recently surveyed its Wage Earner Forum (consisting of a panel of 1,500 wage-earner families distributed throughout the United States). Significantly, most of them (86.3 per cent) feel that the worker should share the cost of group health insurance with the company. Workers should also pay part of the cost of such benefits, according to 76.7 per cent. Fewer than half (45.6 per cent) feel the same way about accident benefits.

Approval of the present Social Security program is indicated by the fact that, when asked whether they would rather keep the money now paid for Social Security or have deductions continued, fully 94.8 per cent said they favored continuance of Social Security payroll deduction.

The degree to which health insurance has already been taken care of for the workers in industry is indicated by the fact that 60 per cent of the Wage Earner Forum panel members report that their company has a group health insurance program for the employee and his family. In 43 per cent of the cases a group medical expense program is provided for the employee and his family.

Movies Promote Safety

MOTION pictures are being used to promote safety at the Ambridge, Penna., plant of the National Supply Company. In the 18 months since the program started, the accident frequency has been considerably reduced.

Pictures are shown, on company time, to groups in the plant work area. Most films run about 15 minutes. They are obtained from the National Safety Council and other sources.

After the projector and screen are set up, the men are called from their jobs 15 minutes before quitting time for the day shift. The film is re-run for the second shift. Pictures are shown at three-month intervals, since it is felt that more frequent showings would lessen novelty and effectiveness.

—*Mill & Factory*

● **ACTUAL HOURS OF WORK** in five European industrial countries ranged between 44 and 48 a week in 1948, according to an analysis of the foreign workweek recently completed by the Conference Board. In that year, "shorter schedules were worked" in the United States and Canada. Where figures are available for 1949, a similar disparity is evident.

Psychology and the Crooked Employee

By DONALD A. LAIRD

1. A SAN QUENTIN STORY

NO. 489452 was a gay bachelor of 33, back in San Quentin prison for the second time, and for the same reason—Hollywood starlet trouble. He was a competent office worker, a bit above average in intelligence, and below average in size and personal appearance. The pretty young actresses fascinated him. For years he had been a lone wolf, friendly with one starlet, then another, but never finding the one-and-only that was "made for him."

In wooing an actress, he would buy her gifts which he charged to others' store accounts. That was why he was back in San Quentin, for fraud.

Like most people who keep getting into the same jams, No. 489452 had a plausible theory of why he did it. He thought he did it because his small stature and plain appearance gave him an "inferiority complex" which motivated him to spend money like a big shot. Like most self-diagnoses, it was partly right, partly wrong.

There were several reasons that might have started him on a crooked way. His parents had been divorced, and he was raised by his mother and grandmother, neither of whom could read or write. They had taught him to hate his father, and he had no special love for them. More attractive young uncles and aunts overshadowed him in his foster home. When company called he was pushed out of sight, like Cinderella. As a teenager he was shy around girls, but worked hard at school to gain better grades than his uncles and aunts.

Dr. Rudolf Lassner, then senior psychologist of the prison guidance center and now of the Lucas County, Ohio, Child Study Institute, used the psychodrama method to find other reasons which made the prisoner go wrong. The psychodrama, or spontaneity theatre, was originated in 1921 by Dr. J. L. Moreno, a Viennese psychiatrist who is now a United States citizen. In a psychodrama, people act out a series of roles related

to their troubles, improvising as they go along—spontaneous acting. In industry this technique is used to train salesmen and foremen so they can understand how the other person feels. In San Quentin it was used to give prisoners a better insight into the reasons for their trouble, and to help them keep out of trouble in the future.

The bachelor with starlet fever, for instance, acted out one episode from his school days in which a schoolmate made fun of him. In their play-acting, people reveal past experiences which hurt deeply at the time.

The bachelor also played a skit, made up as he went along, showing how he met his latest actress friend. Other prisoners in the therapeutic theatre took the girl's role. Then the same episode was re-enacted with another prisoner playing the part of the bachelor, while the bachelor acted the starlet's part. By playing the part of his girl friend, he soon realized she had been a gold-digger who looked upon him as a sucker. When the roles are reversed this way, the person acquires insight into the way his conduct looks to an outsider.

This insight is helped along by comments and advice volunteered by the psychologists and others who have been through the mill. These "kibitzers-with-a-purpose" give advice audibly as the little make-believe drama unfolds, and they hold post-mortems afterwards. They do not comment about the acting skill, but upon the motives and good sense in the conduct being portrayed.

As these acting and kibitzing sessions continued, No. 489452 began to realize the fundamental cause of his misconduct was his strong need for the emotional attachment of one woman. His shyness kept him from making the acquaintance of women, except those too easy to get acquainted with. He had tried to find affection by buying it—with other people's charge accounts.

He has resolved when his sentence is completed to search for friendship among people who appreciate him for what he

is, rather than for what he can buy. Let's wish him good luck.

2. PREVALENCE OF CROOKED STREAKS

There are staggering losses from small thefts and little frauds. Casualty firms estimate that crooked employees cost business about \$300,000,000 annually. No estimates are available of the sums lost by the general public through short-changing, but the amount is sizable in the larger cities and places where people buy tickets or pay checks in a hurry.

Some employee dishonesty seems to be a game, trying to see if one can beat the checking system. Some of it has a vengeful motive—as in the case of the employee who justifies helping himself by claiming he was underpaid. Young children often steal from neighbors, for no better reason than to get even with their parents—employees sometimes do it to even things up with the boss. Hotel towels disappear partly because patrons feel they are overcharged.

Small-scale pilfering becomes a tradition with some groups. High school athletic coaches are aware of this, and the alert ones inspect players' luggage as they leave the hotel from the first out-of-town trip, returning the "souvenirs" and giving a talk on honesty as a part of sportsmanship.

One eastern drug chain had a \$1,400,000 inventory loss in six months, so the management used lie detectors on its 1,400 employees. It was found that nearly three-fourths of the employees had been helping themselves to merchandise and petty cash. Such surveys seem to indicate that small-scale theft, cheating, lying is prevalent in about 60 per cent of the population. Surveys have shown this percentage holds for small business men as well as for workers. Thus, it has been found that 63 per cent of garages charged for unnecessary repairs, or repairs they did not make; 64 per cent of radio shops did the same; so did 49 per cent of watch repair men. Similar surveys show that about one-third of college students cheat on examinations. And about the same percentage of public school teachers cheat on their examinations for teaching certificates.

The indication that college students and school teachers have about half the dishonesty percentage of small business men and workers reflects a tendency for trustworthiness to increase as intelligence increases. General dishonesty seems to be most marked among people with low intelligence. But don't overlook the fact that the big swindles are put over by highly intelligent people.

3. HOW BUSINESS TAKES PRECAUTIONS

Most people can be trusted most of the time. No. 489452 could be trusted until he began to take a shine to a pretty actress. He was honest in the office, but slippery with charge accounts in the swank shops. There are others who can't be trusted at all. So business has to protect itself, just as the individual has to protect himself against short-change artists by the invariable practice of taking time to count his change carefully.

When thick-set Rowland H. Macy started his little store in New York City, he sold his merchandise at odd prices, so clerks would have to make change and have less opportunity to slip folding-money into their own pockets.

Most business precautions are aimed to prevent losses, not to catch the culprit. Eternal vigilance is necessary. Cash registers, parcel checkers, undercover detectives, and surprise audits are some commonplace precautions. Accounting checks and double-checks are maintained.

Fitting-rooms are a source of much merchandise loss through shop-lifters, since the privacy makes it possible to conceal goods under one's clothes; there is less of this loss when fitting-rooms have only short curtains and no doors.

Some firms try to stimulate honesty with warning and admonitory signs, such as:

We reserve the right to inspect all parcels.
Nothing that ever happens around here is important enough to lie about.

Live each day so that at the end of it you can tell anyone to go to blazes.

When interviewing prospective employees, there is usually an attempt to sift the trustworthy from the crooked. The seasoned interviewer is alert for indications of past cheating or dishonesty. He takes nothing for granted. He cross-

examines applicants, especially those who:

1. Look at the floor or ceiling rather than at the interviewer
2. Hem-and-haw and hesitate before answering
3. Go into too much circumstantial detail about previous earnings or experience
4. Have ready alibis for unfavorable reports
5. Give evidence of living or dressing beyond their means
6. Have unexplained gaps in their employment records

The interviewer knows that about 30 per cent of applicants claim more job experience than they have had; that the 1 or 2 per cent who have criminal records conceal them.

The wise interviewer has personal friends in other companies in his locality, and telephones them for a quick check on claims about having worked for them; these informants will say things over the telephone they hesitate to put in writing. Police departments are often used for checking an applicant, but this information requires a personal visit.

When the interviewer says "Come back tomorrow," it usually means he wants time to check statements and claims. It has been the only way to play safe. Now it is possible to find whether an applicant has a latent crooked streak, by getting biographical information about him. To understand how this can be done, we must first see how crooked streaks develop.

4. HOW CROOKED STREAKS ARE FORMED

Temptation alone does not make crooks. The potential crook seeks out temptation.

Bad companions do not make crooks, though people with latent crooked streaks usually prefer bad companions.

Actual need seldom causes crookedness. In embezzlements, actual need is a factor in only about 2 per cent of the cases. Some firms have provided emergency loans for employees, on the theory that would remove the motive to help themselves. While these loans are desirable in many crises, they are practically useless for preventing defalcations.

The crooked streak is due to motives within the individual that make him go against his common sense and help himself to another's property. There is a

thrill in it for him, and the strong likelihood of his being caught enhances the thrill.

These deep motives make him rebel at restrictions. There is no mythical "weak will" in the crook; it is strong driving forces which push him in undesirable directions. Usually he has a queer twisted yearning to be caught and punished.

Personal morality is acquired, not in-born. Crooks are made by acquired motives which make them hunt for temptation. These motives are slowly built up by things that happen to them in life, and the way they react to these happenings. Remember the bachelor with starlet fever.

Events in early life, especially, foreshadow an individual's path, and make it possible to predict whether he will take the crooked way. Dr. Gilbert L. Betts, personnel consultant of Minneapolis, and editor for the Educational Test Bureau, has used the events which mold character as the basis for a test of incipient crookedness.

Dr. Betts contrasted the early environments of nearly 1,500 prison inmates with those of an equal number of people of like ages and general condition who had not shown crooked motives. A large number of events which are important in forming motives were analyzed in the lives of the two groups. There were 67 items which showed consistent differences. These 67 events form a Biographical Case History which reveals how strongly an individual is motivated to do prohibited things.

Some of the conditions described were beyond the control of the individual, such as a father who was unable to hold a job, drunkenness in the family, or a broken home. Other items reveal the individual's reaction to life happenings, such as thinking people talked about him, or that he was picked on by his teachers.

The more favorable answers one has, the less likely one is to be, or become, a crook. The chances are very high that a person with 30 or less favorable answers will have criminal motives. Following the list, you will find more information about the scores.

THE BIOGRAPHICAL CASE HISTORY

FAMILY AND EARLY HOME LIFE

My mother did not work away from home.
No members of my family have been in prison, asylums, or other institutions.
My parents were not separated or divorced.
I was raised by my own parents.
At home we were interested in the same things, and usually did them together.
My father had an eighth-grade or higher education.
My mother had an eighth-grade or higher education.
The longest period we lived in the same house was over 10 years.
My father and mother usually agreed with one another.
The longest my father stayed on one job was more than 10 years.
My family's recreational time was spent mostly with hobbies, or athletics, or movies, or reading and intellectual interests.
When I was a child, my parents were either seldom, or usually, strict with me.
My father's profession was business or professional, or farming or lumbering.
My mother was usually strong and healthy.
Members of my family never got drunk.
My parents sometimes spoke a language other than English.

SCHOOL EXPERIENCES AND REACTIONS

I started school when I was five.
My grades were at least good.
I was either sometimes or never tardy or absent.
I attended only one or two grade schools.
I quit school because I didn't have money to go on, or because I graduated.
I did not fail any grades.
I graduated from high school.
I was never sent to the principal's office more than twice.
No more than one or two of my teachers were hard to get along with.
When in school I was sometimes self-conscious about my personal appearance.

EARLY ATTITUDES

My parents seemed to show no favoritism in the family.
I had only some trouble controlling my temper as a child.
It seemed to me that other children picked on me about as much as they did on others.
As a child I was sometimes shy.
I seldom had trouble getting along with other children.
As a child I never ran away from home.
As a child my feelings were sometimes easily hurt.
I had several hobbies or interests as a child.
From one- to six-years-old I had some illness, but none severely.

SOCIAL ATTITUDES

As a child I was sometimes uneasy at parties.
In school I belonged to a few clubs and organizations.
I now belong to one or more lodges, clubs, or organizations.
My friendships are closest with men, or equally close with men and women.
I seldom find it hard to keep the friendships I desire.
I usually attend sports contests when I have the chance.

ATTITUDES TOWARD PEOPLE

I have been double-crossed by people once or twice.
I usually try to find someone to go with to the movies, shopping, etc.
When around people, I usually talk an average amount.
In the past five years, I have never been in trouble for fighting.
I find that people seldom talk about me.
I have been married without separation or divorce.

WORK ATTITUDES

I have usually been able to earn a good wage.
I have worked on only a few different jobs during all my life.

For the most part my work has been business or professional.
I have seldom been unemployed.
On the average I have held a job a year or longer.
I have never been fired from a job.
I have usually been happy in my work.

ATTITUDES TOWARD SELF

My memory is usually as good as it used to be.
I seldom have trouble keeping my mind on what I am doing.
I worry over possible misfortunes a little.
I have had light sinus trouble.
I never have trouble going to sleep.
I have seldom been in debt.
I can usually find something to do in my spare time.

CITIZENSHIP

As a child I was never arrested.
I have never been arrested.
I drink occasionally, or never.
I have voted in a city, county, or state election.
I have never been in jail or prison.
I seldom find it hard to keep from gambling too much.

The items are grouped to show some of the main forces which mold motives, as well as individual reactions to the stresses and strains of life. The questions have been made simpler than in the copyrighted test, and only the favorable conditions are shown.

5. SIGNIFICANCE OF THE BIOGRAPHICAL ITEMS

Those 67 items give a reflected picture of experiences which help give one normal motives, and also show the attitudes a person with normal motives develops toward life's stresses. A person with normal motives has his desires adjusted to the restrictions imposed by the group in which he lives and works. He has his impulses well in hand.

The opposite answers, or extreme answers, indicate the individual has so responded to life experiences that he has given his motives a crooked bent. He has reacted too strongly to some of the strains of life. For instance, some self-consciousness about appearance is normal for school children. Extreme self-consciousness, or brazen lack of any, shows some maladjustment in motives.

The honestly motivated person may have trouble answering some of the items, such as whether his parents showed favoritism to another child. But the incipient crook can answer this readily, because he over-reacted to favoritism and remembers it too keenly. The crook is

still nursing the grudge which distorts his attitudes in many ways.

The potential crook is motivated more by the irritations of life. He keeps stumbling over past experiences. The normal person forgets last year's irritations and adjusts to the present and to next year, while the maladjusted is still fighting his battles of all the past years within himself. The more of these past battles he remembers, as shown by the Biographical Case History, the more difficult it is for him to conform to the rules and regulations.

Many of the attitudes in the second half of the list can be changed with a little effort. Often there are spontaneous changes, which indicate a better adjustment. People who have been lone wolves, for instance, may change and start going to the movies with a companion or a group.

Not all spontaneous changes are for the good. Dr. F. Max-Muller, the famous philologist, told the story of the sagacious treasurer of one of the Oxford colleges who noted a change in their banker. The banker had become suddenly pious, so the treasurer withdrew the college funds. The following day the newly-pious man's bank failed, due to his embezzlement.

6. WHAT A SCORE MEANS

High scores are favorable scores. The dividing line is at score 40. At this point

the chances are about 50-50 of one's having a strong criminal tendency. The person who scores 50 or higher is almost certain to keep out of the criminal class.

As the score goes below 40, the chances increase rapidly that the person will turn to criminal conduct. Men who are in prison for the first time have an average score of 34. Those in for the second or third time have average scores of only 28.

The average soldier in World War II had a score of 47.

Individuals who have subnormal scores should visit some specialist at once to get expert help in untangling their motives. Only a clinician with a doctor's degree can be trusted for such work. Ask the department of psychology, or psychiatry, at the nearest large university to recommend a specialist for this.

7. SUSPECTED, BUT ACQUITTED

Many things which are often considered causes of crookedness were found to be of no consequence. For instance:

It made no difference if the father or mother died before the child was grown up.

It made no difference if he was under-sized or over-sized in his early years.

It made no difference if he felt inferior or felt superior to other children.

It made no difference if the family lived in crowded quarters.

It made no difference if he bit his fingernails.

It made no difference if he stuttered.

Many items dealing with health were tested, but showed no differences that were related to criminal conduct. Ear trouble, asthma, heart trouble, rheumatism, foot trouble, goitre, hayfever, rupture, back trouble, tuberculosis—none were significant. What one thinks rather than what one suffers counts for more in forming character motives.

Many employers and bonding companies secure information from police and courts before hiring promising applicants. This spots recent records of bad checks, domestic trouble, drunkenness, disorderly conduct. Credit bureau reports also warn of those living beyond their means.

But bad debts and police records cover only five of the 67 items.

8. THE TYPICAL EMBEZZLER

The spectacular embezzler usually has no previous police record. He is about 35 years old, married, has a couple of children. He earns enough to live comfortably. The company usually has high regard for his work, and he has been on the job five or more years. To all appearances he is a desirable employee, with a secure future, and may be looked upon as a pillar of society.

Yet inside his head he is fighting battles with himself. The employer does not know about these conflicting motives—but could have had an inkling of their existence from the items in the Biographical Case History.

This average embezzler takes money, or merchandise, for two to three years before he is caught. He usually feels better as soon as he is caught, for there is that queer element of self-punishment mixed in with his crooked motives. He takes some \$6,000 before he is found out, and by that time most of the money is gone. It may have gone into slot machines if he had a neurotic motive for luckless gambling. It may have gone to buy gifts in a maladjusted attempt to win the favoritism he felt was shown others in his childhood, as with No. 489452.

The usual motives assigned by police are gambling, women, high living. Those merely tell *where* the money went, not *why* there was an uncontrollable impulse to take it. There is always a reason, but police, employers, and the pathetic embezzler himself seldom understand it. The reason was not a chance to "dip into the till," but motives left over from early experiences. Dishonesty doesn't appear suddenly, any more than mechanical skill suddenly blooms at age 35.

None of the safeguards taken to prevent defalcations or petty thievery remove the motives. In many instances, in fact, they increase the crooked motives by making it a game to beat the system. The safeguards need to be kept, even increased. But motives also need to be probed—not the false motives of wine, women, and gambling, but the real motives of battles with one's past experiences.

PRODUCTION MANAGEMENT

Here Are Tomorrow's "Wonder Metals"

A half-dozen unfamiliar metals which for years have been cooling their heels on the industrial sidelines have suddenly turned hot. Despite their forbidding names—titanium, zirconium, molybdenum, tantalum, lithium, and columbium—they are as clearly the "metals of tomorrow" as aluminum and magnesium were a decade ago. Chances are that within the next few years all six will have emerged significantly in scores of industries.

Titanium, already called the "jet-age metal," rivals both stainless steel and aluminum. Its potential uses include parts for aircraft and naval vessels; airborne weapons and supersonic missiles. Potentially, titanium is one of the cheapest of all metals; its ores cost about a cent a pound. It is also the ninth most abundant element; there is more titanium in the ground than all the lead, zinc, copper, tin, nickel, gold, and silver put together. The United States has extensive ore deposits in New York, Florida, North Carolina and Virginia.

Two obstacles—the difficulty of extracting titanium from its ores and the generally low titanium content of many ores—have prevented the metal from becoming available industrially until recently. Now, thanks to improvements in the extraction process, one pilot plant is producing about 100 pounds of titanium per day; the average cost, \$5 a pound, is low for a new metal. Some metallurgists even see an omen in the price; it is the same as that charged for aluminum 61 years ago when Charles Martin Hall started the electrolytic production of aluminum.

Titanium provides the advantages of both aluminum and stainless steel: It is

strong (tensile strength—80,000 to 125,000 pounds per square inch), less than twice as heavy as stainless steel, and strongly resistant to many forms of corrosion. Its melting point is some 300°F. higher than that of iron, and it retains much of its strength at high temperatures, whereas magnesium and aluminum weaken. Alloying pure titanium with some of the more common metals is expected to increase its strength at both normal and elevated temperatures, yet not greatly increase its weight.

Military engineers are considering its use in jet turbine blades, supersonic bombers, rockets, and various types of naval equipment where parts must be rugged even at high temperatures. Atomic engineers are interested in its possible use in nuclear engines. Because titanium can be "surface hardened" with cyanide, it may be used to make long-lasting engine parts like pistons and cylinder liners.

Many of tomorrow's vacuum tubes, jewelry and medical instruments are likely to be made of *zirconium*, a sister metal to titanium. Zirconium, while present in the semi-precious stone called "zircon," is by no means rare. In light of present knowledge, it stands No. 19 in abundance, two and one-half times as common as copper and 13 times more plentiful than lead.

Zirconium at present is produced only on a small scale by a process involving the deposition of the vapor from a vaporized compound of zirconium on a hot wire. This makes the price of zirconium high; sheet costs about \$180 a pound. Compared with platinum, for which zirconium can sometimes be substituted, this is good; with more common metals, not so good.

Zirconium has certain unique properties. Though heavier than titanium, it is lighter than stainless steel. It is about three times stronger than aluminum, takes a high polish, and is so hard that it scratches glass. Its nickname, "the two-faced metal," springs from the fact that below 450° it is one of the most corrosion-resistant metals available, while at high temperatures it becomes extremely active. At normal temperatures, few acids and alkalis will mar it. But at a temperature of about 700°F. zirconium rapidly absorbs oxygen, nitrogen, and other gases. It is valuable, as a "getter" in radio tubes, for it literally soaks up oxygen and other gases, thus maintaining the tube's necessary high vacuum.

Although most zirconium ores are now imported, there are substantial domestic deposits which may tend to lower the price of the metal when a more economical refining process is developed.

Though used for years as an alloying element in "moly" steels, and as a supporting wire for tungsten in incandescent lamp filaments, *molybdenum* has been little used as an engineering or structural metal because of the impossibility of producing sizable pieces of the pure metal. Now, a new production process has produced slabs the size of a large desk top, as well as large tubes and cylinders.

Pure molybdenum metal is nearly as heavy as lead. With a melting point of 4748°F., molybdenum's strength at the highest industrial operating temperatures encountered exceeds that of any other commercially-used metal or alloy except tungsten. Tungsten, however, costs more than molybdenum; it is twice as heavy and cannot be produced in the shapes and sizes now possible with "moly."

Predictions are that pure molybdenum metal may soon find valuable applications for blades, tail-pipes, and firing chambers in ultra-high-temperature rockets and gas turbines.

While molybdenum is not as abundant as aluminum, there are substantial deposits in the United States which now supplies 90 per cent of the world's requirements for the metal.

Tantalum was first produced commercially in 1922, but as yet the available supply is too small to permit large-scale use of this interesting heavy metal. The peak wartime production of tantalum was just over 50 tons a year, not quite enough to fill a suitcase. It is, however, a metal of intriguing characteristics. Besides being exceptionally heavy, it is especially resistant to hydrochloric, nitric, and sulphuric acids. Even the king-pin of solvents, aqua regia, does not touch pure tantalum. These properties, plus the fact that it is far stronger than stainless steel, make tantalum valuable for equipment used in acid plants.

The first recorded use of pure tantalum was in rectifier cells for early battery-operated radio sets. Now, its high melting point (about 5400 F.) is making it especially useful in the manufacture of high-vacuum radio tubes. In wire and sheet form, tantalum has been used extensively in surgery since it is not attacked by body fluids. Bone portions have been replaced with tantalum, since bone will grow to and over the metal, as will softer body tissues. Braided tantalum sutures have proved outstandingly successful in plastic surgery.

The high price of tantalum in powder form, \$38 a pound, reflects the cost of the ore, which is \$6,000 a ton. At present, ore deposits are sparsely scattered through Africa, Australia, South America, and the United States. Each ton requires the mining of some 3,000 tons of rock. As a result, it now appears that tantalum will be largely restricted to special usages, such as in surgery. Nevertheless, the expansion of the electronics industry may yet make tantalum a familiar word.

Lithium is the "bantam-weight" of metals, the lightest of all solid chemical elements. The soft, whitish metal that looks like silvery cheese is only half as heavy as water and floats on gasoline! A cubic foot weighs 33 pounds, compared with 108 pounds for the same amount of magnesium; 176 pounds for aluminum; and 490 pounds for iron. Though it can readily be obtained in its pure metallic form at a cost of about \$15 a pound, it is

weak and unstable. It can be sliced with a knife, tarnishes readily, and decomposes in water almost instantly. Nevertheless, many uses have already been found for the compounds of lithium which depend almost entirely on its chemical alacrity and the speed with which it grabs hold of other elements and hangs onto them.

One compound, lithium hydride, gives off hydrogen gas in large quantities when the chemical is brought into contact with water. A pound liberates 45 cubic feet of hydrogen. During the war, a flier—down at sea and taking to his rubber life raft—dunked a pound can of the hydride into the ocean and thus inflated a balloon which elevated the 300 foot copper aerial for his portable radio transmitter.

In foundries, pure lithium is a scavenger. Half an ounce cleans gases, oxides, sulphides, and other non-metallic impurities from a 200-pound melt of copper or bronze. During the war, a foundry making special casting for the Navy could get an average of only 42,000 pounds per square inch from their castings. Lithium, added to the melt for cleansing purposes, jumped the average to 52,000 pounds per square inch. Another foundry averaged 25 per cent rejects because castings were weak and porous. Adding lithium to the metal dropped the average to 1 per cent. Lithium combines with impurities and brings them to the top of the molten metal where they can be skimmed off and discarded.

A metal which was isolated more than

100 years ago, *columbium*, remained a laboratory curiosity until the war, when it suddenly boomed into importance. Then its concentrated ores were flown here from Nigeria. Sometimes called the "vitamin metal," columbium is never used in its pure form for engineering or structural purposes, but in minute amounts as an alloying element. Combined with copper, it produces a hard alloy, ideal for spot-welding and seam-welding electrodes because columbium-copper retains its hardness under heat and possesses excellent electrical conductivity. Columbium-copper electrodes keep their shape and accuracy even after long production welding runs. Columbium combines with carbon to form an alloy that is extremely hard at high temperatures; potentially it may be valuable for making cutting tools and wire drawing dies.

Thus far, the largest single deposit of columbium ore is the one which is worked by "bushman" labor in Nigeria. The United States was fortunate in having these resources made available from the outset.

All told, the metallurgical world is offering industry an array of new metals and alloys, for use in creating new products and for battling high production costs, the like of which has never before been matched. Tomorrow's battle between the metals—new and old—promises to be a lively one.

—BY EUGENE W. NELSON. *Commerce*, November, 1949, p. 16:7.

Measuring Industry's Protective Clothing Needs

PERSONAL protective equipment is admittedly not a "cure-all" for industrial accidents. It is true that the best procedure is to eliminate hazards at their source. Personal protective equipment, however, can and does play an important role in any well-organized accident prevention program. Intelligent study of operations and past accident experience indicates where such devices are needed

and thus eliminates the necessity for blanket use.

Selection of safety equipment is a big responsibility. Who should make the selection? The only men who really know, or should know, are the safety director or the industrial hygienist.

According to the National Safety Council (*Safe Practices Pamphlet No. 16*),

From an address presented at the 18th Annual Greater New York Safety Convention.

four essentials should be considered in the selection of protective clothing:

(1) The garment should be reasonably comfortable when worn under the conditions for which it was designed.

(2) It should fit snugly and not interfere unduly with the movements of the wearer.

(3) It should offer adequate protection against the hazard for which it was designed.

(4) It should be durable, taking into consideration the severity of the conditions under which it is used.

Garments that may be cleaned easily and kept in good repair are desirable. Many accidents can be attributed to the fact that equipment had outlived its usefulness and no longer offered the protection for which it was intended.

Asbestos is used as protection against heat and molten metal. Chrome tanned leather is also good for this purpose and, in addition, is effective in the handling of rough objects. Fire-resisting duck and wool may be used against light spatters and sparks often encountered during gas and electric welding, cutting and similar operations. Waterproof cloth or oil-skin is sometimes used during screw machine operations and drilling. Natural and synthetic rubber are used where certain acids, alkalis and hot liquids are encountered.

The use of homemade burlap aprons should be prohibited, especially in connection with machinery or work where they are likely to become oil soaked and catch on fire. Workers in extremely hot rooms or compartments should wear woolen sweat shirts or garments of similar nature which will absorb and tend to evaporate perspiration rapidly. This clothing should be washed frequently to prevent skin infection.

Where extreme temperatures are encountered, both hot and cold, employees should be required to wear woolen hose. Some safety men recommend that lightweight cotton or silk hose be worn under the wool for added comfort and protection. It is important to remember, however, that the feet should not be fitted so snugly as to interfere with normal blood circulation.

The hazards to life and health from working in certain dusts, fumes, vapors,

and gases have long been recognized, and it is generally agreed that employers should provide protection for workers exposed to these hazards. Progressive employers are making rapid progress in eliminating various dusts, fumes, vapors and gases through engineering means, such as by the enclosure of processes, and by the installation of exhaust systems; but there are many operations where it is necessary to provide the workers with suitable respiratory protective equipment.

There are numerous types of respirators on the market today. They are known as gas masks, hose masks, oxygen breathing apparatus, dust respirators, chemical fume respirators, air-line masks, etc. However, many industrialists do not understand their various characteristics. Much helpful information will be found in the *American Standard Safety Code for the Protection of the Head, Eyes, and Respiratory Organs*, as well as the official publications of the United States Bureau of Mines. The latter organization has established a testing and labeling service, and persons who buy such equipment are advised to purchase only those devices that have been tested and labeled, and to use them only under the conditions for which they have been approved. The basic requirements for Bureau of Mines Approval are: The device must (a) give adequate protection for a suitable period; (b) be reasonably comfortable and convenient to wear; and (c) be constructed of durable and suitable materials.

Various types of respiratory protective devices have been developed for various fields of use. There are two general classes of respiratory equipment:

I. Contaminant-removing (air-purifying) respiratory protective devices: (1) Gas masks and chemical cartridge respirators. (2) Dispersoid respirators (dust, fume, and mist respirators).

II. Atmosphere-supplying respiratory protective devices: (1) Self-contained type (oxygen and air breathing apparatus). (2) Hose type (supplied-air respirators—hose masks with hand-operated blower and hose masks without blower, air-line respirators, and abrasive blasting helmets, hoods, and masks).

There are 11 types of air-purifying respirators. The first seven are chemical-

filter respirators (usually called gas masks if filters are contained in canisters; if filters are in cartridges, they are called cartridge-type chemical-filter respirators); No. 8 is a combination chemical and mechanical-filter respirator; and the last three are mechanical-filter respirators.

1. Acid gas mask. (Type A chemical filter respirator.)
2. Organic vapor gas mask. (Type B chemical-filter respirator.)
3. Ammonia gas mask. (Type C chemical filter respirator.)
4. Carbon monoxide gas mask. (Type D chemical-filter respirator.)
5. Combination acid gas and organic vapor gas mask. (Type AB chemical-filter respirator.)
6. Combination acid gas, organic vapor, and ammonia gas mask. (Type ABC chemical-filter respirator.)
7. Combination acid gas, organic vapor, ammonia, and carbon monoxide gas mask. (Type ABCD chemical-filter respirator.)
8. All-gas respirator. (Type N respirator.)
9. Type A mechanical-filter respirator. (Provides protection against pneumoconiosis-producing or nuisance dusts such as quartz, asbestos, iron ores, cement, limestone, coal, wood, flour, and charcoal.)
10. Type B mechanical-filter respirator. (Provides protection against the fumes of metals such as aluminum, arsenic, antimony, cadmium, chromium, copper, iron, lead, magnesium, manganese, mercury [except vapor], and zinc.)
11. Type C mechanical-filter respirator. (Provides protection against the mist of chromic acid as produced in chromium

plating; the mist produced by spray painting with lead paint and vitreous enamels.)

In all mechanical-filter respirators having a rate of air flow of three cubic feet per minute, the resistance to the flow of air should not exceed two inches of water pressure, and the resistance to exhalation should not exceed one inch of water pressure. No mechanical-filter respirator will provide protection where the atmosphere is deficient in oxygen, or where contamination exceeds 2 to 3 per cent by volume of air.

Someone in authority in the organization should explain to workers why specific types of respirators are necessary under certain conditions, show them how to fit the respirators in proper position, and explain their operation. Then, after every effort has been made to convince the men that respirators are essential, the job becomes one of laying down certain shop rules and enforcing them through supervision—and discipline, if necessary, as a last resort.

Management should remember, also, that there are some people who are susceptible or allergic to certain conditions and substances, and all the protective equipment in the world may not help them. In general, therefore, the employer will do well to analyze the employee as well as the job before making expensive changes or providing protective equipment.

—BY ROY S. BONSBIB. *Safety Engineering*, October, 1949, p. 36:6.

What Is the Secret of Higher Productivity and Income?

WHILE greater skills on the job and better production methods have done a great deal to increase our productivity, the use of coal, oil, gas, and water power, applied through machines, has done by far the most to increase output, income, and jobs.

More machines spell more goods.

The chart below shows the proportion of all work done by men, animals, and machines at different times in our history.

DATE	MEN	ANIMALS	MACHINES	GOODS PER HOUR
1850	15%	79%	6%	27¢
1900	10%	52%	38%	56¢
1946	4%	4%	92%	\$1.41

Ever-increasing use of mechanical power is the secret of our ability to keep our productivity and our income constantly rising.

—Our American Opportunity System (Elliott Service Company, Mt. Vernon, N. Y.)

MARKETING MANAGEMENT

The Sales Department's Role in Cost Reduction

IN A number of companies today, sales and promotional techniques are helping management win its battle against high costs. This has been established by a recent study on *Meeting the Challenge of the Buyers' Market*, by the Controller-ship Foundation, research arm of the Controllers Institute of America, of the cost-reduction methods used by 25 companies in a wide cross-section of industry.*

Avoidance of inventory losses, this survey showed, ranks with the control of overhead expenses as the major problem of top management in the current shift from sellers' to buyers' market. Economic forecasting and market research enabled several of the firms interviewed to anticipate the turning point in prices of their raw materials and purchased components and to save themselves from being over-extended.

One manufacturer, for example, is achieving close material control by linking his purchase commitments and production schedules to consumer research. Accordingly, his profit and loss forecasts, inventory positions and production schedules are based on the demand predictions of his market research specialist, who keeps in touch with consumers and trade sources. Before this better method was adopted, the basis for purchases and production was current demand as reckoned by statistical analysis of orders received.

Of course, the finished goods held in warehouses and in distributors' stocks are just as significant, economically, as those held in the factory. That is why several of the survey respondents are working actively with their distributors on stock control, seeking to forestall any embar-

assing over-accumulation of finished stocks.

One firm has been emphasizing control of its distributor stocks. It maintains sizable consigned stocks in the hands of jobbers. It began its distribution stock control program by educating its salesmen on the hazards of the current situation and the necessity of avoiding overselling jobbers. Then conferences of district managers were held at regular intervals to review the condition of consigned stocks. The sales manager and the treasurer are visiting many of the jobbers, whose consent they get to control slow-moving stocks by shifting inactive items to areas of more active demand. Though this firm is watching credits carefully, at the same time it is broadening its distribution base by adding new lines and new accounts. It restricts consigned stocks to standard fast-moving merchandise.

Another point of attack on the inventory and expense problem, this study shows, is the shift from owned to independent outlets. One petroleum marketer observes that it is operating fewer owned service stations than ever before. He finds that the independent operator has less overhead and will work longer hours for himself without overtime.

Cutting the cost of order handling is another way the sales side of a business can help toward the ultimate goal of price reduction. One company cited in the report pared the cost of handling individual orders from \$1.50 to 50 cents, largely through methods of simplification and improved routing papers.

Many of the firms interviewed are going after new business in the effort to sustain their sales levels. They are rebuilding the sales and sales engineering forces that were allowed to dwindle during the war.

* Copies of the report are available from Controller-ship Foundation, 1 East 42nd St., New York, N. Y.

And to help their distributors increase sales, they have intensified their advertising and sales promotion. Most of these sales promotion efforts are guided by specific market research, which has indicated previously unexploited areas and lines where sales will be greater per dollar spent.

Many concerns are stepping up their advertising and sales promotion budgets and are focusing these expenditures, wherever possible, on markets where research indicates further sales potentials. A paint manufacturer increased business in the first half of 1949 through the success of the counter attack it had ready for the moment when its industrial sales began to drop. The program combined these features:

(1) Consumer advertising which stressed the economies homeowners could realize by doing their own painting. (2) Adding new retail dealers and persuading both new and old dealers to stock a full line. (3) Special letters to dealers, backed up with personal calls by the manufacturer's audit staff, urging close inventory control to prevent overstocking but to meet the expected consumer demand for certain sizes and colors.

The firm's audit division counsels distributors on efficient office methods.

As this survey shows, progressive managements are vigorously attacking their declining sales volume by bringing forward new products. This effort, as a rule, is successful in cases where: (1) the new items are closely related to the former line; (2) where the new items can be produced on available machines; (3) where they can be sold through the company's usual distribution channels, and (4) where they tap a hitherto unsatisfied consumer demand.

But merely intensifying competition by invading the other fellow's business is apt to boomerang—because: (1) the development of special machinery and the training of a new skilled labor force are

necessary for successful manufacture of the new item; (2) the older companies in the field have developed their own specialized machines and methods; (3) the consuming trade is notably price-conscious; and (4) the established makers will fight hard to hold and better their own market position.

The most successful efforts to broaden the sales base are those in closely related lines, according to this study. In all such cases, the companies' controllers are contributing accurate and timely cost information and variable administrative budgets that spur engineering and sales departments to develop products on which the return will justify expenditures for technical and market research.

Many concerns are carefully reviewing their pricing policies, but with less emphasis on price reduction than on quality and on making the product appealing to potential users. Companies are considering the addition of second-quality lines rather than lowering the quality of present products.

Reading between the lines of this report, one sees a promising field for ever closer cooperation between the sales and advertising departments, on the one hand, and the controller on the other. Since sales and receipts are practically synonymous, and since the budgeting of all company outlays begins with the sales forecast, the controller and the sales manager have a great interest in common. However their respective viewpoints, temperaments, and training may differ, their joint efforts and teamwork are bound to benefit the company as a whole. In addition, the controller, whose business it is to know costs and their application to future plans and projects, can be helpful in obtaining the green light for coming campaigns and promotional efforts.

—BY WALTER MITCHELL, JR. *Printers' Ink*, January 6, 1950, p. 33.4.

Strike Back — Give to Conquer Cancer!

Your Juvenile Market

CHILDREN have always influenced the family pocketbook, and their influence is not comprehended by mere youthful insistence on this soup, that dessert, such-and-such candy bar. A recent National Broadcasting Company study in which original survey material was collated with facts from other sources has developed some significant figures revealing the extent of influence wielded by children over family purchases.

NBC's compilation of research arrived at these generalizations, some of which may be depressingly obvious to any parent:

1. Juveniles do influence their parents' purchases—especially grocery products, soft drinks, candy, radios, and phonographs.

2. Children have allowances and earnings and so are direct customers—big ones—of the movies, and the sellers of candy, soft drinks, books, records, school supplies, cosmetics, and other items.

3. Children are highly brand-conscious.

4. Radios, newspapers, and now TV are part of the culture of the children's world.

The NBC survey documented all these conclusions. The network made the usual type of sample survey except that it questioned children. Answers were subsequently checked with parents. As to children's influence:

Mothers of 79.8 per cent of the 8- to 14-year-olds let the children decide which soft drinks were to go into the icebox; 76.9 per cent were influenced in their candy purchases. Almost 50 per cent of the children were found to "greatly" influence the choice of desserts and almost 40 per cent had "some" influence.

NBC checked children's favorite cereals and also their favorites among radio programs sponsored by cereal manufacturers. The relationship between the two was

pretty high, but not so high as to suggest that children simply lacked independent criteria for judging programs and food.

There is less reason to expect children to boss the selection of toothpaste. The NBC survey, covering 8- to 14-year-olds, asked which brand was used and which was preferred. Running through nine major brands, the percentages for use and for preference scarcely varied. This merely showed that the children were contented with what they had been given and not that their contentment reflected influence. There was a second check: the presence in the medicine chest of additional toothpastes for other members of the family. Around 35 per cent of the contented children reported other toothpastes, which suggested that children's selections did not merely echo their parents'.

Girls, it was found, boss their mothers in selecting toilet soap, to which boys are indifferent. Available research material on this product covers only teenagers. On the purchase of radios and other durable products, again, only teenagers were questioned. Here little more than the children's claims could be tallied. In each case the claims were high.

As NBC figures it out, urban children from 8 through 14 had average allowances of 83 cents and additional earnings of 74 cents, making a total of \$1.57. Some of this had to be expended, to be sure, on such fixed charges as carfare and school lunch; but 84 per cent of the children interviewed claimed 50 cents clear and 57.6 per cent claimed \$1. Everybody had something left over. Both earnings and allowances increase as the children grow up, with earnings rising faster.

Children's brand-consciousness is high and has been increasing year by year. This was determined by taking percentages of children who specified preferences for

particular brands or who identified the brands they used. In 1947, preferences for a particular brand ran thus, percentage-wise: soft-drinks, 90.4 per cent; 5-cent and 10-cent candy, 92; chewing gum, 91.7; cold cereals, 77.4; gelatin desserts, 73; hot cereals, 59.8; toilet soaps, 92; ink, 72.7. Ability to identify the brands of their own preference ran: shoes, 54 per cent; bicycles, 79 per cent; cameras, 80.4; flashlights, 43.9.

NBC found that 77 per cent of the children were radio fans. In 1947, the radio bill for children's programs, sponsored primarily but not exclusively by food companies, topped \$7 million.

Television is comparatively new. Broadcasters have just started to measure its appeal to children. So far, little more is available than scattered bits of fact: that a given program slanted to children offered some bauble to those who mailed 10 cents and that it got an amazingly high return in relation to the estimated number watching. Video fascination to children is obvious. In a neighborhood with youngsters, a child in the first family to get a set invites his friends, his and their parents permitting, to watch. Mothers are made to set chairs in rows—like the movies.

The Columbia Broadcasting System and the Rutgers Sociology Department, however, are engaged in a continuing survey of television habits in an industrial city of 35,000. Their findings, as reported in the summer, 1949, issue of *Public Opinion Quarterly*, show that children from 6 to 12 watch the television screen much longer than they ever listened to radio and that, after their families buy sets, they neglect—practically drop—their older radio interest.

Though the government agencies do

not issue statistics for market analysis so assembled as to bring out clearly the distribution of families of different size, the ages of children, where they live, etc., sample surveys from the Bureau of the Census do have value for market analysis purposes. Here are some pertinent figures:

POPULATION (000 omitted)			
Age	1948	1940	% Rise
Under 5	15,106	10,542	43
5-9	12,893	10,685	21
10-14	10,880	11,746	-7
15-19	10,982	12,334	-11
All Ages.....	146,571	131,669	11

No. FAMILIES WITH CHILDREN UNDER 18 (000 omitted)	
All families	37,280
No Children	16,237
One Child	8,920
Two Children	6,416
Three Children	3,014
Four or More	2,693

MEDIAN INCOMES OF FAMILIES				
	All	Urban	Rural—	
			Non-Farm	Farm
All	\$3,031	\$3,349	\$2,826	\$1,963
0 Child	2,941	3,273	2,497	1,742
1 Child	3,096	3,382	2,847	2,119
2 Children	3,180	3,445	2,959	2,019
3 Children	3,012	3,386	3,140	2,444
4 or More	2,731	3,257	2,935	1,727

The table showing median incomes of families shows a striking fact that the Bureau can't explain: The two-children families are the richest. Although the difference between their income and that of the one- and three-child family is small, the table probably is representative. The Bureau has taken surveys at different times covering different sample households: These showed the same results.

—*Sales Management*, August 15, 1949, p. 90:3.

What People Own—Potential Markets?

FIFTY-ONE per cent of American families own autos. One in 17 own two or more. Other highlights from sample survey: (1) 77 per cent hold life insurance policies, 71 per cent bank accounts, and 45 per cent own a home or farm, but only 9 per cent have interest in a business and only 8 per cent own corporate stock. (2) When asked what investments they prefer, most people comment favorably only on government bonds.

—*National Sales Executives Digest*

PACKAGING

Improved Design Can Cut Packaging Costs

MANY manufacturers today are striving to achieve the difficult objective of a better package at lower cost. If this is your company's aim, the best approach is to examine your present package, its materials, its style, its structure, its physical appearance.

One recent packaging study showed up a waste of boxboard. The manner in which the package had been made permitted only 10 packages to be laid out to the sheet with quite a waste in trim. By altering flaps and moving folding score lines (all of which meant no change in the final package size) it was possible to get 12 of the new packages die-cut out of the same-size sheet. Two extra boxes at no extra cost! It all added up to a tidy sum because the company was a user of several millions of packages per year on this one item.

Another recent survey showed that 93 per cent of the packages studied could be produced at a saving of from 20 to 37 per cent if some changes in structural form, style, materials or color were made. Here is how improved design slashed packaging costs for three companies.

Using inexpensive materials advantageously cut costs for the G. A. Rauschenberg Company, Dalton, Ga., makers of chenille bath mats and toilet seat covers. This merchandise bulks up large, and big size boxes have to be used. The manufacturers of bed covers and blankets have the same problem. Such big boxes use up a lot of boxboard per package and consequently start off on a high unit cost irrespective of what design is put on them and before any designing is begun.

The Rauschenberg budget allowed for a 40 cent per package cost. The final packages were printed in two colors, one

of which was gold, and yet the cost was only 13 cents each.

Instead of using boxboard materials such as everyone else in the trade was using we: (a) specified bleach manila stock, which is the lowest costing material available; (b) put construction improvements in sections where strength was needed for a more rigid box; and (c) planned our design so that it required complete coverage of the surfaces. All imperfections of bleach manila stock were covered so that it really did not matter what kind of stock was used.

Money can be saved through proper organization of colors. In this instance packages were *color-planned* for group reproduction to cut costs.

The Grand Union Company sells grocery staples under its own label, door-to-door, in over 35 states. Like its competitors, Grand Union is package cost-conscious and uses the lowest-grade materials. Yet a redesigning job reduced Grand Union's packaging bill, at the same time improving the company's packages. This was done through the use of a master design scheme throughout, and by careful organization of plans before getting down to the drawing-table stage. One phase covered color, and the designing was so organized as to be effective when printed in just one color, using the white of the boxboard or label stock as a second color (free). Most of the former packages were printed in two or three colors.

By ganging up on one sheet three or four jobs which are in the same one color, like blue, and putting these through on the same press run, reproduction costs are reduced. As most print shops have presses with split fountains, a starch box which is in one color, like blue, can be

run in combination with yellow dessert packages. This was made possible by the manner in which the design scheme was laid out.

Changing the basic structure of the package cut costs for the Berkraj Corporation, manufacturers of sportswear for men. They had been using typical trade boxes. The bottom half was covered with a white paper stock, no printing. The upper half was covered with a stock paper design, and the only means of identification was a narrow label strip on one end. This same box type with its white bottom half and decorated paper cover was used by competitors.

Berkraj paid 13 cents per box. After redesign, Berkraj paid 71½ cents per package, a saving of 42 per cent on packaging costs. Instead of merely creating a new surface design to appear on the customary large setup box, a new form of package was invented. The new package was a two-piece folding-type-box, engineered to provide the great strength needed in shipping bulky sportswear. This one change, the basic construction of the box, gave Berkraj four important advantages over their competitors: (a) the new type of box, with its individual identifying all-over design, could be printed top and bottom in one printing operation; (b) seven-

eighths of the factory space previously used for storage of boxes could now be reconverted to useful production space; (c) instead of being discarded on arrival at the store, the new package has a secondary use as a display-builder and consumer take-home-package, thus continuing the life of the package beyond its original purpose, (d) Berkraj, a large user of packages, saved 51½ cents on each package to swing into sales promotion and profits.

There are other means available by which savings can be made. One such instance coming to mind quickly is that of the Atlas Underwear Company. The change here was from a cellophane wrapper to a box. This change meant a change-over in handling and packing methods, and Atlas found that its garments required no ironing because the garment folded with the form of the box. Thus a factory operation was eliminated.

It is my observation that wherever management initiated a program bringing their packaging up to date, important savings in packaging cost went hand-in-hand with better design.

—BY MARTIN ULLMAN. *Printers' Ink*, October 21, 1949, p. 8:1.

Pointers for Better Packaging

THE purpose of a package is functional. It should be three things: adequate as a container, convenient for users, and effective as an advertising medium.

Advertising messages on containers should be simple, clear, terse. The basic poster technique is called for, so that "he who runs may read."

Color is essential and should be used boldly; it is meant to catch the eye.

Trade-marks are essential for quick identification. The simpler they are, the greater their impact.

Every container should identify its contents and its place of origin.

Every package should be considered from the standpoint of meeting users' needs. The first step in package design should start with research on this point.

—EGMONT ARENS in *Industrial Marketing* 11/49

AMA NATIONAL PACKAGING CONFERENCE AND EXPOSITION

The American Management Association's 19th National Exposition and Concurrent Conference on Packaging, Packing, and Shipping will be held April 24-5-6-7, at the Navy Pier, Chicago.

FINANCIAL MANAGEMENT

What Research Can Do for Controllers

THOMAS EDISON had just completed his 37th unsuccessful attempt to convert electricity into light. Like the previous 36 experiments, this one had carried him over a long and devious road of painstaking preparations, ending before a wall of bitter disappointment.

His laboratory assistant thought he sensed a feeling of despair in the great inventor and remarked what a pity it was that their efforts had been wasted. But Mr. Edison said: "Our efforts have not been wasted. We know 37 ways by which light cannot be obtained from electricity, and we are much closer to our goal. If we can eliminate enough of the possible methods that won't work, we may ultimately be able to narrow the field down to where the one right way will present itself to us."

In these words, Mr. Edison told the story of human progress through trial and error and explained the principle of research, which has existed as long as man has been able to reason.

The Chinese, of course, have their own way of stating the same proposition: "The diamond cannot be polished without friction, nor the man perfected without trials."

Let us consider what Charles Kettering, Director of Research for General Motors Corporation, has to say about research: "Research' is a high-hat word that scares a lot of people. It is nothing but a state of mind—a friendly, welcoming attitude toward change. Going out to look for a change instead of waiting for it to come. Research, for practical men, is an effort to do things better and not to be caught asleep at the switch. A research state of mind can apply to anything: personal affairs or any kind of business, big or little. It is the problem-solving mind as

contrasted to the let-well-enough-alone mind. It is the composer mind instead of the fiddler mind. It is the 'tomorrow' mind instead of the 'yesterday' mind."

First, let us define briefly what we have in mind when we speak of research as it applies to the problems of the individual controller. Research in accounting is the process of conducting investigations to discover facts, sources, and possible results, by study and experiment, in order to develop improved applications of accounting principles and improved methods and to provide a concrete basis for formulating accounting policies, procedures and plans.

Through research, the controller might reasonably hope to: (1) Make sure that his accounting policies and financial statements are in step with the times and geared to the company's changing operations. (2) Maintain internal control procedures that are in keeping with calculated risks, without hampering operations or burdening employees with meaningless routine. (3) Improve the mechanics of his accounting system and insure that accounting information is collected and reported with a minimum of paperwork and lost motion.

Can these objectives be accomplished by some means other than a research program? Why is it not possible, for example, to fix the responsibility for conducting detailed studies in the accounting supervisors who are charged with the processing of the regular accounting work? In some instances it may be possible to do so, but in the majority of instances, particularly in large organizations, it is difficult for them to break away from their regular duties to give adequate attention to research projects.

Further, those who have been responsible for the performance of the regular accounting work for a considerable period of time have, by the very nature of their work, developed a condition of mind that is more conducive to the making of day-to-day decisions than to the type of work involved in research. They can guide the study into certain desirable channels, suggest possibilities that merit inquiry, evaluate the results of the study as it progresses, approve or disapprove the finished proposal, and take charge of the installation. Their evaluation of a proposal, based on their practical knowledge of the problem, will frequently be the final determination of whether it should be workable.

To help them discharge these responsibilities, it is frequently necessary to provide full-time analysts who perform the work of making the detailed study. The analyst can bring to the study his knowledge of methods observed in other offices or other departments of the company, his experience in research techniques, his inquiring approach, and his independent viewpoint.

Now let us be more specific about some of the possible accomplishments of the program.

1. *Improve the control data provided management.* It will sometimes be found that management is having to base its decisions on inadequate data because it does not realize that the information it needs can be obtained from the accounts without prohibitive cost. Significant facts, trends, or ratios may be obscured in a maze of voluminous reports. Data may be copied indiscriminately from the accounts into the reports, without proper analysis and interpretation. Costs may be classified in an uninformative manner or in an arrangement that does not lend itself to isolation of cost elements. In such instances the research analyst must view the business side of the problem to which he is assigned and place himself in the position of the operator. He must ask himself these questions: What is the operation? What are the principal facts needed to

control it? How can these facts best be obtained?

2. *Reduce the time required to give information to management.* In a large organization, a few days' difference in the currency of a report may be the difference between a handy tool of action and a useless tabulation of numerals.

3. *Develop the most effective utilization of accounting and office machines.* Because of the importance of volume in the deliberation on whether an operation should be mechanized, the decision is frequently one that requires close study and a careful weighing of pros and cons. It is equally important to avoid over-mechanizing and to guard against the compromising of sound principles of accounting in the interest of mechanization.

4. *Eliminate duplicating, overlapping, or unnecessary functions.* A detailed, step-by-step analysis of each operation is necessary to prevent all-too-frequent duplications of work verifications, and to eliminate useless signatures, approvals, reviews, or other unnecessary functions that have forced their way into the picture.

5. *Evaluate the organization and the location of clerical functions.* The problem here is to review the organization periodically to determine that sound principles of functional organization are being employed, that functions are logically grouped and properly supervised, and that each function is being performed by the person or group of persons who are in the best position to do so.

6. *Speed the flow of papers through the organization.* Only through a process of charting the flow of documents can backtracking, bottlenecks, and unnecessary handling be pointed up and eradicated.

7. *Appraise the applied principles of accounting.*

Now a final word about the selection of a plan for placing the program into effect. This depends so much on the individual company that it is difficult to do more than mention a few of the factors that the controller will want to consider in deciding on a suitable plan.

The first problem will be to decide

whether he has sufficient potential to justify the use of full-time analysts, and this will depend largely on the size of his organization. Regardless of this decision, once the controller has decided to undertake a research program it is important that those assigned to do the work be not restricted by other duties and that the research activities be given first call on their services.

If it is decided that full-time analysts are to be used, the next decision to be made is how they are to be fitted into the organization. Generally the controller will have two alternatives: Either the analysts can be attached more or less permanently to the various accounting divisions of the controller's department or they can function as a part of the controller's staff and be assigned to the accounting divisions in accordance with their needs for research projects.

Each of these alternatives has its advantages. A smoother and more harmonious relationship can perhaps be established between the research analyst and the other accounting personnel under the first plan. On the other hand, there are some disadvantages to this plan which represent advantages of carrying on the work as a staff function of the controller. Unless the controller is certain that all of his accounting division heads are completely open-minded individuals, there is much danger that the value of the analysts' independent viewpoint will be sacrificed. Aside from this possibility, there is the problem of coordinating the activities of the several analysts and the probability that they will not be able to engage so freely in an interchange of ideas. Finally,

it is possible that specialization in a given division does not provide a broad enough background to obtain maximum benefits from the services of the analysts. The broader perspective and knowledge of accounting systems acquired from the rotation of assignments and from contacts with the various accounting divisions of the controller's department and the operating departments are considered valuable to the research program.

If the second plan is adopted, however, the controller must take pains to create a climate of understanding and harmony. He must make it clear that the analysts are functioning as a service unit and that responsibility for final acceptance or rejection of proposals developed through research, as well as for the installation of such proposals, remains with the division heads, so far as matters usually delegated to the division heads are concerned. At the same time, however, he can probably expect some situations to arise in which the analysts and the division heads will not be able to reach agreement, and it will be necessary for him to provide a means of composing such differences.

Finally, we might say again that the controller may not always derive benefits from every research project or derive benefits proportionate to his expectations. He can never really be certain whether possible improvements of his accounting system are awaiting his efforts until he puts those efforts forth. It is not likely that what Mr. Edison had to say on this subject will be disputed for some years to come.

—By FLADGER F. TANNERY, *The Controller*, November, 1949, p. 514:6.

● THE ASSETS of capital stock property insurance companies at the end of 1948 aggregated \$8,522,120,857—more than double the total just 10 years ago, when the amount was \$4,099,504,868. Of these resources, fire and marine companies accounted for \$4,811,189,452, or 56.5 per cent of the total, and casualty and surety companies for \$3,710,931,405, or 43.5 per cent of the total. As of December 31, 1939, the beginning of the decade, the fire companies had \$2,517,513,564, or 61.4 per cent of the combined total, as against \$1,581,991,284, or 38.6 per cent, for the casualty carriers.

—*The Spectator* 11/49

Labor's Financial Assets: A Growing Problem

LABOR has become big business. Total resources of all unions in the United States are now estimated at between \$3,000,000,000 and \$4,000,000,000, and the new pension arrangements, either already established or under negotiation will probably add \$500,000,000 a year to organized labor's benefit funds.

Administration of these vast sums thus becomes a major problem. These and related questions are the subject of a study recently completed under the direction of Alexander S. Lipsett, executive director of the Public and Labor Relations Bureau, and published by Floyd L. Carlisle, Inc.

Several brokerage houses throughout the country have already taken cognizance of this trend and the last few months have seen the first advertisements by financial firms in union publications. These ads have occasionally been supported by editorial comment in the labor press, and some Wall Street investment advisers have also taken a hand in the administration of union securities' portfolios.

The Lipsett survey states that the preponderant portion of union resources, at present, is invested in governments, municipals, and cash and that one-third of all labor assets is in the hands of parent unions and internationals, while two-thirds are owned by locals.

The paper estimates that in the immediate future pension funds will be in operation for about 1,000,000 steel workers, about 1,000,000 automobile workers and 500,000 coal miners and that the total monies which will flow into these funds will be about one-half billion dollars.

The study includes a list of 42 national labor unions and the net worth of each parent organization. Included in the net worth are death, disability and other union benefit reserves, real estate and other property, such as banks, old-age homes, resorts, radio stations, artistic enterprises.

The national organization of the Brotherhood of Railroad Trainmen with 1,100 locals is listed as leading the parade with a net worth of \$55,500,000; followed by the Brotherhood of Firemen and Enginemen, having a net worth of \$35,300,000. The International Brotherhood of Teamsters has \$21,000,000, and the United Mine Workers \$20,000,000. The International Typographical Union follows with \$16,600,000. On the bottom of the list are building-service employees and brewery workers, with \$1,000,000 each in net worth.

A table of union investments shows that of the \$55,500,000 net worth of railroad trainmen, about \$42,000,000 is invested in federal, state, and municipal bonds and only \$9,800,000 in miscellaneous investments. The typographers have \$13,300,000 in governments and municipals out of a total of \$16,600,000.

In view of the preponderance of such safe and low-interest investments, which is the case in most unions, the study suggests a more realistic investment policy by placing substantial portions in corporate stocks and bonds.

This, says Mr. Lipsett, would give "them larger income returns and protection against declining purchasing power of the dollar and would also help create new job opportunities by providing equity capital for industry."

All this may, indeed, lead to partnership of labor in industry. This partnership may be indirect and institutional, but real just the same.

—H. EUGENE DICKHUTH in the *New York Herald Tribune* 3/19/50

● **HOW OLD IS A CONTROLLER?** According to a recent survey of 69 corporations by Booz, Allen & Hamilton, today's controller is the young man, relatively, among corporate senior officers. The average age of controllers, in the firms surveyed, rose in 20 years (1929-49) from 45 to 50, while corporate presidents in that same 20-year span "aged" from 53 to 59. Treasurers averaged 48 in 1929, 52 in 1949.

—*The Controller* 12/49

An Analysis of the Effects of Current Depreciation Policy

PRIVATE domestic investment has been overstated by approximately \$17 billion in the period from the end of the war through 1948, according to an analysis of the effects of depreciation policy which has just been completed by the Conference Board.

In that period, capital equipment used up, estimated in the conventional manner (original cost), amounted to \$33 billion, the study points out. Had it been entered at what it would cost to replace this capital equipment, depreciation would have amounted to \$50 billion.

The rising price level that has prevailed since World War II, the analysis points out, has brought into sharp relief the disparity between industry's depreciation charges and its replacement requirements.

American business management "feels a responsibility above and beyond regaining of past expenditures; in order to perform its obligations to its customers, its workers and its stockholders, management must somehow obtain a sufficient reserve to replace and replenish capital equipment when it becomes obsolete and worn out."

As remedies, the analysis points out, attention has centered about the point whether depreciation should be charged upon an original cost basis or upon replacement cost—that is, whether upon retrospective cost or prospective cost. But more recently, attention has been directed toward accelerated amortization.

Replacement costs as a remedy "would provide relief in many instances while prices were ascending. This remedy would, in turn, create difficult problems in a period of deflation or descending prices. Taxes would be reduced in time of prosperity but the reverse would be true in depression years."

The problem is essentially one of changing price levels. If prices remained constant over time, the question would never arise whether to base depreciation charges upon replacement cost or upon original cost: The two would be identical.

Since capital assets are long-term ones,

there is ample opportunity for a discrepancy to arise between original cost and replacement cost. From the data available, it appears that fixed assets are turned over on the average of once in 25 years. That is to say, the annual depreciation in any year would be sufficient to eliminate the gross property account of corporations only once in 25 years if no new acquisitions were made in that period. This is certainly a different problem from that arising from the change in prices of inventories which are turned over one or more times a year.

The use of replacement cost has a moderating effect on the cyclical swings of corporate profits. "Instead of remaining fairly stable in good and bad times (when calculated upon original cost) depreciation charges upon replacement cost move with the business cycle, becoming larger in good times and smaller in bad times, assuming that prices move in accord with good and bad times. Profits would thus be reported lower in prosperous times and higher in depressions."

The additional corporate taxes in most years of the last great depression would not have been substantial if replacement cost had been used. In 1932, the year in which the additional burden would have been the greatest, corporate income taxes, however, would have been \$470 million, or \$88 million greater than the \$382 million actually incurred.

But in those years, the study continues, the corporate tax rate was relatively low, less than 14 per cent against 38 per cent at present. Thus any additional income in the future resulting from the use of replacement costs would be taxable at a rate nearly three times the rate obtaining in the great depression.

Another solution to the problem of depreciation under changing price levels would be to use some plan of acceleration. Many concepts have been put forth, the study notes. They range from those urging complete freedom for the business man to select and perhaps vary his annual charge from year to year to those which

shorten the period of depreciation but place various other restrictions upon the freedom of the business man to vary his annual charge.

Accelerated depreciation "escapes the criticism that has been leveled against most other plans seeking to alleviate the problem of depreciation under changing price levels. It is based upon cost, and the amount which can be charged against revenues cannot exceed the cost of the asset. A firm base is provided for the charging of depreciation."

The accelerated rate, it is hoped, will make for economic expansion. "To find the answer, it must be assumed that the actual useful life of the asset is greater than five years and that it is kept in operation by the firm for the period of its usefulness and not for the period over which its cost is recovered. It follows that the asset will be producing income for the firm at a time when no further depreciation charges will be permitted. As a result, net income from the particular asset will be high in the later years of the lifetime of the asset compared with the earlier years, assuming no change in rate of operation. In a sense, income will be shifted from the earlier years of the asset to the later years."

Since income taxes follow income, the

study continues, a like shift will take place in this charge, assuming no change in tax rates. "Taxes will be low in the first five years relative to the later years of the lifetime of the asset. For example, suppose that an asset with a useful life of ten years costs \$100,000 and the cost is to be charged off in ten years. Assume further that the gross income from the use of the asset will come to \$20,000 annually. The tax rate can be assumed to be 20 per cent.

"Over the lifetime of the asset, the total income taxes paid will come to \$20,000. Net income after taxes will come to \$80,000. Over the full lifetime of the asset, the total income taxes paid would be the same as before and so would net income. The only change that would have taken place is a bunching of income in the last five years.

"If the assumptions made actually held true and no other factors complicated the picture, the end result of the use of accelerated depreciation would be to make computed income fluctuate violently over the lifetime of the asset. In the above example, dollar profits would be zero in the first five years and then jump to \$16,000 in the last five years. By contrast, depreciation charged over the useful life of the asset would result in a uniform profit figure of \$8,000."

INSURANCE

Some Pointers on Pension Bargaining

ANY pension plan which covers a substantial number of a company's employees is one of the most important commitments that any employer will ever make.

Presented below, to guide employers

who are currently negotiating on pensions or may be called on to do so in the future, are some of the important questions of law and collective bargaining which must be considered by management in pension bargaining.

Adapted from: *Company Pension Planning—1: Background and Principles of Standard Pension Practices*, by Robert Littler (an address presented before the California Personnel Management Association and the Personnel Section of the Western Management Association, 1950). The complete paper may be obtained from: Research Division, California Personnel Management Association, 442 Flood Building, 870 Market St., San Francisco 2, Calif. 22 pages. \$1.00.

1. *Does the proposed plan comply with Section 302 of the Taft-Hartley Law?* Under this Section payments must be "held in trust." Under this provision, would payments directly to an insurance company as premiums for a group annuity policy be lawful? I think so; though a fund held by an insurance company is not commonly thought to be a trust. The plan must specify the detailed basis upon which payments of benefits are to be made, and this must be embodied in a written agreement between the union and the employer. You will recall that the United Mine Workers plan did not comply literally with this provision. However, Judge Goldsborough, in his famous opinion, decided that the determination of this detailed basis could be delegated to the trustees. Whether the Appellate Courts will sustain this view, if it is ever challenged, remains to be seen.

Moreover, to comply with the Taft-Hartley law, the trust must provide for joint administration, with trustees appointed by both the employers and the union and with a provision for the appointment of a neutral member in case of a deadlock. This would seem to make illegal payments to a strictly union pension fund which was created after the effective dates in the Act.

2. *Does the proposed plan qualify under Section 165(a) of the Internal Revenue Code?* This is important. If the plan qualifies, then the employer can deduct the amounts in the year he pays into the fund, the employee need not pay a tax except as he receives benefits, and the income of the fund itself is not subject to tax. If the plan does not qualify, then the employer cannot deduct his payments to the fund until such time as the employees get a vested right to the funds, and at that time the employees must pay income tax on the amounts to which they are entitled. It is broadly estimated that qualification cuts the cost of pensions about in half.

The law and the regulations on the subject of pensions are exceedingly complicated. I shall convert into broad language which may be generally useful some

of the basic concepts of the criteria for qualification. The pension plan must be a legally binding arrangement. Payments must be to a trust fund, to an insurance company, or to some other fund beyond the immediate control of the employer. The funds must not be subject to diversion until all obligations of the plan have been fulfilled. The plan must embrace a certain minimum number of personnel. The plan must not discriminate in favor of officers, stockholders, supervisory personnel, and highly-paid employees. The plan must be permanent, i.e., it must not be terminated except for "business necessity." There are certain limitations upon the payments which may be made in any one year. The practice is that a plan will not be approved unless the employee gets certain rights after long service but before the necessary date of retirement.

You must apply for and get approval of the plan in advance.

Observe that rules for qualification of "profit sharing" plans are somewhat different from those for the strict pension plan.

3. *Are payments to the plan deductible as reasonable expenses of business under Section 23 of the Internal Revenue Code?* This is a separate question from that just discussed. A plan may be approved as qualifying under Section 165(a) and still payments may not be deductible as a business expense. In other words, to deduct from income tax payments under the plan you must meet the requirements both of Section 165(a) and Section 23.

Here again, in connection with Section 23, the provisions are exceedingly confusing. The language of the Section dealing with pensions is incredibly bad. The most important provisions are included in a single sentence of more than 440 words. Dr. Rudolf Flesch, in *The Art of Readable Writing*, has selected the provisions of Section 23 having to do with pensions as the worst writing in the English language he has ever encountered. After quoting the 440-word sentence that I refer to, his comment is: "This is a matter for a psychiatrist. There is something warped and pathological about it."

Let's quick turn to something more pleasant." While we cannot as easily dispose of the substance of the provisions as did Dr. Flesch, it would be useless here to go into their complexities other than to point out that they exist.

The hazards of the requirements of Section 23 will probably be most important in connection with unfunded plans.

4. *Do contributions to the proposed plan have to be included in calculations of wages for purposes of Social Security?* Generally they do not, if it is purely a pension plan and if it qualifies under Section 165 of the Revenue Code. Payments may have to be included in computations for Social Security purposes if there are assignable death and survivorship benefits.

5. *Must contributions to a pension plan be included in the calculation of "regular rate of pay" under the Wage and Hour Act for the purpose of computing overtime after 40 hours?* Under the recent amendments to the Act, they need not be included if the contributions are "irrevocable." What does this mean? Is this requirement more stringent than those to qualify the plan under the Revenue Code? It could be. The provisions are not parallel. But there have been no decisions or interpretative bulletins under the new amendments to the Wage and Hour Act.

6. *If the employer is a corporation, must the proposed pension plan be approved by the stockholders?* There is little legislation on this subject. It has heretofore been the practice to have pension plans approved by stockholders. My own mind is not finally made up on this subject. The answer probably depends upon circumstances.

7. *Is there any reasonable prospect that the proposed pension plan may subject officers and directors of the corporation to liability under representative suits which might be brought by eligible participants under the plan?* In other words, is there a hazard from suits by participants similar to the hazard which developed some years ago by reason of suits by minority stockholders? Suppose participants allege that the corporation has

been mismanaged and therefore rendered unable to contribute to the plan. Would directors and officers be liable? There is no law on this yet; but I assume that the plan itself should somewhere provide as much protection as possible from this type of litigation.

8. *Does the proposed pension plan run any risk of violating what we lawyers call "the rule against perpetuities"?* This is lawyer language of the most incomprehensible type. This is an exceedingly technical branch of the law. It comes down to us from the ancient law of trusts. The idea is that the trust must not be established for a period of time which of necessity extends beyond the death of the last survivor of those participants who are in the plan at the time it is created. There is considerable dispute among lawyers concerning whether this rule applies at all to this type of trust; and there is no prospect of an early decision to resolve the question. So all I can say is: Look out for it.

9. *If the proposed pension plan provides for death benefits or survivorship annuities, is it so arranged as to minimize gift taxes, estate taxes, state inheritance taxes and income taxes to survivors?* This will be mainly important if what is proposed is a broad plan which includes higher-paid employees. And closely related to this problem, and for the benefit of the lower-paid employees, is the question of whether the plan has been contrived to minimize the necessity of the probate of the estate of the participant if it should turn out that the only asset in the estate is the interest in the plan.

10. *What provision should there be for compulsory retirement?* The existence of a pension plan may not necessarily justify the employer in enforcing retirement of the pensioner. The problem usually arises when there is a collective bargaining agreement either providing for seniority or providing limitations upon discharge. Most arbitrators have decided that the establishment of a retirement policy is within the prerogatives of management and is not destroyed either by the ordinary seniority clause or the usual

contractual restrictions on discharge. But if you are attacked on this point by the union later on, there is no guarantee that you will win the case. It would be well to make specific provision in the contract somewhere covering the point.

11. *Should the provision for pensions be in the collective bargaining agreement itself, or in a separate instrument?* The usual collective bargaining agreement runs for one year; or it may be automatically renewable from year to year, subject to termination as of its anniversary date upon prior notice from either party. If an agreement is terminated by force of its own provisions or by virtue of notice, it is generally true that all obligations terminate when the agreement ends. This may appear to be a good thing; but you must beware of the consequences in the light of the requirements of the Internal Revenue Code. You will recollect that to qualify a pension plan it must be "permanent"; and that generally this means you can cease providing pensions only in the

case of "business necessity." On the other hand, you may wish to make the contractual provisions with respect to pension obligations endure for a longer time than the other contract provisions. If these pension plans are included in the general contract, it will require some very clear writing to effectuate these purposes.

Moreover, the provision for pensions must be carefully compared with the effect of other provisions of the contract such as those governing seniority, discharge and layoff.

12. *What should be your obligation to make payments into the pension fund in the event of a strike?* Here again you must consider the relation between your contractual obligation and the "permanent" requirements under the Internal Revenue Code. You must consider carefully what escape clause you wish to obtain and consider this in relation to the eligibility requirements under the pension plan.

Should the Government Control the Life Insurance Business?

A CONGRESSIONAL committee has recently been investigating life insurance companies, and bills have been introduced in the Senate and the House for further investigations. However, whatever the faults of the present life insurance system, a recent nationwide Psychological Barometer survey shows, a large majority of Americans would rather have their insurance managed by private firms than by the government.

Responses to the query, "Would you rather have insurance companies managed by the government, or insurance managed by private companies?" showed that 78 per cent preferred private companies, 13 per cent preferred the government, and 9 per cent were uncertain. Even in the lowest income group, 66 per cent preferred private management.

Incidentally, 96 per cent of life insurance holders thought their insurance dollar would buy less than 10 years ago. When asked why, 63 per cent blamed the drop in value of insurance on high government spending and taxes. Other reasons were: union wage drives, 33 per cent; business and farm profits, 29 per cent; bad management by insurance companies, 4 per cent. Many respondents gave two or more reasons.

AMA SPRING INSURANCE CONFERENCE

The Spring Insurance Conference of the American Management Association will be held on Monday and Tuesday, May 22-23, at the Hotel Statler, New York City.

Private Insurance and Social Insurance Programs

By MARY DONLON

Chairman

New York State Workmen's Compensation Board

TODAY it is increasingly the fashion, in certain quarters, to argue that private enterprise insurance should be wiped out. Strong arguments are being advanced, both here and abroad, for the socialization of insurance. Those who press for the socialization of insurance usually call first for socialization of the social insurances.

Those who claim that we do not need any social insurances are mistaken. They are equally mistaken who, accepting the fact that the social insurances are here to stay, demand that they shall be serviced only through government monopoly.

The Twentieth Century, or the mass production phase of the industrial revolution, has notably increased the standard of living of the great majority of our people, but it has also reduced them to economic dependence on the maintenance of cash wages for their necessities. This was not true a hundred years ago, when most of our people lived close to the soil and in small neighborly communities.

Universal education for a hundred years and the newest communications media—the movies, radio, and now television—have been instruments through which the freedom of individuals has been forged into collective political bargaining power.

It seems clear enough, given these conditions, that political power will inevitably, and quite properly, be used to achieve, if possible, at least some measure of security for large numbers of people against the failure of cash income. The \$64 question today, then, is how to obtain the maximum protection that is possible without loss of individual freedom and without imposing a too heavy burden on production. To answer this question requires definition of the area in which insurance can best function and that in which government should take over.

That is to say, what forms of desired assistance should government provide out of tax revenues? What forms of desired assistance should be provided through payment of insurance premiums?

As an example of the distinction, let us review the care of the sick in New York State.

We have accepted as an obligation of government the provision of care for the mentally ill and the tuberculous, because of social hazards to well persons resulting from non-segregation of those suffering from these afflictions. This necessary protection to society dictates the provision of such care at public expense.

Other sick persons receive hospital and medical care at public expense on a needs basis. To provide such care for all at government expense, regardless of need, would place a very heavy burden on public revenues derived from taxes, overload costs and decelerate production, and also would, of course, threaten seriously the high quality of our medical care. But in both these areas—hospital care and medical care—the distribution of privately borne costs through insurance is well recognized and highly desirable. Such insurance should be extended and encouraged, so that everyone who desires to buy this type of insurance can be fitted to a policy reasonably tailored to his requirements.

There are also the important wage-maintenance programs. The risks of mass unemployment are so unpredictable as to be non-insurable by ordinary and accepted standards. Unemployment compensation is now a government accepted responsibility and payments are made, without regard to need, out of taxes levied against payrolls. The initial concept of unemployment compensation was that it should provide a basic floor of security. There are now strong pressures to make un-

From an address at the 24th Annual Dinner of the General Brokers' Association.

employment benefits adequate for the needs of the unemployed, without regard to any test to determine entitlement to benefits in excess of the basic floor of security. While it is clear that the level of the floor must rise with rising costs of living, there ought to be careful review of the underlying original concept before we abandon it and go all out for income maintenance that is adequate for needs provided by government. The resulting dependence of individual citizens on government bureaucracy under a program to provide income maintenance out of taxation for all, regardless of need, would verge on the political domination of a total state.

Similarly, federal old-age retirement pensions were established to provide a floor of security financed by payroll taxes. Now we are being urged to provide, not through insurance but out of tax revenues, retirement pensions adequate for needs, without any needs test.

Income maintenance against losses due to accidental disability or sickness is a hazard that clearly is insurable. There is no need to provide that type of protection out of tax supported public funds. Whether the accident and illness are occupational or non-occupational, there are valid data on which group coverages can be rated and insured. Yet only New York, of the five states that require provision of disability income maintenance protection, recognizes private insurance as the best method of making such provision.

Here, then, are simple standards by which to test proposals for assistance programs, to define the respective areas appropriate for government monopoly and private insurance:

1. Where there is a hazard to society as a whole and not merely to the individual assisted, government may properly provide necessary assistance without regard to the financial needs of the individual.

2. Where there is a non-insurable risk of serious importance concerning such large numbers of individuals as to become a social problem, assistance may be

furnished by government at public expense to provide a basic floor of security without regard to the means test.

3. Where there is an insurable risk of income loss of such serious importance to large numbers of individuals as to constitute a social problem, insurance should be mandated to provide the desired protection, but this insurance should not be provided by government monopoly.

4. Where the compulsions of legislation would be applied not merely to income payment but also to the provision of services, private enterprise should be strengthened to provide such services wherever possible. Today there is real need for the insurance industry to service medical care insurance, so that government may not be tempted into that field of mandatory insurance coverage.

Leaders in the field of insurance in the State of New York today face probably as important a social responsibility as has ever been placed upon industry. What these leaders do in serving—and keeping serviced—approximately 170,000 New York State employers upon whom the new Disability Benefits Law places responsibility for insuring non-occupational disability benefits for their employees, will affect employer-employee relationships seriously, for good or bad, and will be felt in millions of American homes.

The need to provide some form of cash income when the family wage earner is disabled from accident or sickness not connected with his job has long been a serious gap in our social insurances. Those who live a week-to-week existence, with no income other than the pay-check, are never free of anxiety—almost a nightmare—as to what to do when the breadwinner becomes disabled while living expenses continue, medical care becomes imperative, yet there is no income in sight.

New York is the fourth state to enact a disability benefits law, but the first completely to break free from the trend toward socialization of insurance begun in the 1930's. Instead of a tax-supported, or partially tax-supported, system of bene-

fits provided by the state, as is the case under other disability benefits laws, New York's Disability Benefits Law was drafted on the contributory principle to permit the greatest flexibility of functioning within the private enterprise system.

State officials, representatives of management and of labor, insurance carriers, and other interested groups worked long weeks and long hours, drafting the Mailler-Condon bill. They believed that private insurance in New York State, long experienced in providing group accident and health coverage, workmen's compensation and employers' liability insurance, should be given the opportunity to prove whether it could adequately service the needs for this social insurance.

How these needs are met will be watched by every state in the Union, as well as by federal officials who are working toward programs of government monopoly in the field of social insurance.

How well private insurance services the needs under this law will determine, to a large extent, whether the New York

State Disability Benefits Law, which is Article 9 of the Workmen's Compensation Law, will become a model for other states to follow. If private insurance should prove unequal to this new responsibility—and it is a grave responsibility—then government will inevitably be required to understudy the role and finally to take it over. If the performance is less than the promise, there will be dissatisfaction, and this will result in increased tension in employer-employee relationships, and the pressure to socialize insurance may become great.

Both the Workmen's Compensation Board and the Department of Insurance have stressed and stressed again the fact that under the new law no employer is required to take out a policy insuring the payment of disability benefits to his employees before July 1, 1950. Considerable confusion still exists. It is the responsibility of those who sell insurance to make this fact clear to insurers, as well as to acquaint them with other provisions of the law.

SURVEY OF BOOKS FOR EXECUTIVES

TESTED TECHNIQUES IN LABOR ARBITRATION.

By George W. Torrence. Funk & Wagnalls Company, New York, 1948. 248 pages. \$2.50.

*Reviewed by Guy B. Arthur, Jr.**

You must be interested in arbitration or you wouldn't be reading this review of *Tested Techniques in Labor Arbitration*. You must be wondering whether the book will broaden your knowledge of the subject. Regardless of your past arbitration experience, by all means purchase a copy. Read it. Mark it up. Dig out the meat. I have learned a lot from reading it. I am sure I shall know even more after my second session with it.

The author has had wide experience in presenting arbitration cases for his management. Many different unions have taken him before numerous arbitrators since the middle 'thirties.

* Toccoa, Georgia.

He says: "This book is intended primarily to assist management representatives who are called upon to handle cases in arbitration. It is not intended, however, to reveal a magic formula by which poor cases can be won. To the contrary, its only purpose is to assist in not losing the good cases—the cases which should be won if properly presented to the arbitrator." This reviewer has won his share of arbitration cases, but his batting average would have been much higher if this informative book had been available to him.

I admire Mr. Torrence for revealing his own trail of mistakes. After reading of these, we should be able to avoid many slick places on the road ahead. It is unfortunate that more business men are not willing to present their failures for the enlightenment of their fellow managers. Much money and time would be saved if that were done—but ego and pride are high barriers to surmount.

You will find in this book some considera-

tions which may or may not have previously entered your mind—for example, the paragraphs on The Dangers in Over-Preparation, The Education of Your Witnesses, The Importance of Submissions, The Use of Reporters, and Knowing the Arbitrator. There is also a discussion of arbitration procedures which will bear careful study. The author then takes up the matter of who should sit in meetings, and here again it is apparent he has given great thought to the subject.

The union's case receives considerable attention, and rightly so. What do you do when the testimony in a hearing is not clear or is incomplete? What do you do when the testimony is contradictory, is a matter of hearsay or opinion? What has been your usual approach when the union's testimony brings in some new evidence? These are some of the questions that Mr. Torrence answers in a specifically helpful way. He then takes up the matter of cross-examination and points out the inherent dangers in the process. His two basic rules regarding cross-examination are the result of some severe self-analysis.

Most of the company representatives I have observed prepare arbitration cases seemed to be exercising great care. I know now, however, that by no means as much care was taken as might have been. The preparation of Closing Arguments, for example, has been largely neglected by many of my friends in preparing their arbitration cases. Finally, the Post-Hearing Brief has generally amounted to a conglomeration of everything the company could think of to throw at an arbitrator.

Without doubt, we can all do a better job of participation in arbitration. Included in this fine little text are a wealth of sound suggestions as to how this may be done.

DEPRECIATION. By Eugene L. Grant and Paul T. Norton, Jr. The Ronald Press Company, New York, 1949. 472 pages. \$5.00.

*Reviewed by Willard F. Stanley**

Here is a book which should prove valuable to everyone interested in the currently much-discussed question of depreciation. The authors have made a comprehensive and graphic survey of the entire subject and have included a complete and careful explanation and discussion of the various procedures under the so-called straight-line depreciation method in addition to considering alternative methods of computing depreciation which have been under discussion in recent years—e.g., depreciation designed to provide replacement cost instead of a return of the original investment. Recognizing the importance of federal income tax treatment of depreciation, the authors have devoted a con-

siderable portion of their book to this phase of the subject. The numerous charts and graphs no doubt will be found of value by engineering and mathematical experts.

The whole question of depreciation is obviously interrelated with business, finance, and economics and therefore cannot be considered properly in a vacuum. Realizing this, the authors have considered these factors as well as accounting, engineering, and income tax. The book presents their conclusions and suggestions for changes in the treatment of depreciation both for income tax and accounting purposes. These conclusions favor some form of write-off (several alternatives are proposed) which, while keeping generally to the historic accounting conception of depreciation as a return of original cost over service life, would have the effect of either writing off the property during some period less than estimated physical service life or of increasing depreciation charges during the earlier years of service life with consequent reduced charges in the later years. This treatment is suggested principally to compensate for the possibility of economic obsolescence. While this writer is familiar with this subject principally from the standpoint of the public utility industry, nevertheless he cannot agree with the authors' conclusions in this respect. They seem overly preoccupied with the thought of conserving capital and insufficiently so with the fact that too conservative depreciation creates an understatement of earnings which, in turn, reduces security values and discourages investment.

Capital is hardest to obtain in the early years of a new business and it is then, in particular, that the earnings of the enterprise should be reflected at as accurate a rate as possible and not reduced arbitrarily by excess depreciation designed to compensate for obsolescence factors which are incapable of proof. It is no satisfaction to the stockholder to have his taxes reduced if his earnings are also reduced together with the market value of his investment. If the contrary were true, wage earners would welcome a salary cut because it reduced their income taxes. The interrelation of depreciation and the financing of replacements and improvements do not lend themselves to adequate discussion in a brief review such as this, but the writer believes that far too much importance has been given to financing through depreciation and not enough to financing through new capital.

The authors have presented the arguments in favor of their conclusion in a logical and plausible manner and, whether or not the reader may agree with their conclusions, the book still remains an interesting and instructive survey of an important and controversial subject.

* Vice President and Secretary, Southwestern Public Service Co., Dallas.

INTRODUCTION TO MODERN OFFICE MANAGEMENT. By J. George Frederick. The Business Bourse, New York, 1949. 198 pages. \$3.50.

*Reviewed by John Crawford**

In his preface to this stimulating introduction to office management, the author sets himself a twofold objective: (1) to provide the right viewpoint about the increasing importance of office management; (2) to refresh the reader on some of the fundamental problems and newer aspects of office management.

He approaches his objectives without resorting to lengthy descriptions of simple office techniques such as frequently are the main content of other writings on this subject. Throughout the 24 chapters of his book, he keeps before the reader's mind the importance of sound management in the office, and of the techniques that must be applied to achieve it.

In the opening chapter, "Crisis in Office Management," Mr. Frederick outlines the need to justify the ever increasing cost of office work in business by its recognition as a vital contributing factor to successful business management. In a comparative study of factory management, he makes his point that the office end of business offers the last frontier of business for the future.

To the aspiring office executive there are opened up numerous possibilities for advancement in what the author calls "The Factory of Administration," provided he is willing to apply techniques adopted successfully in other phases of management. With the opening chapters developed to create such an interest and to stimulate the recognition of office man-

agement as the seed-ground for future top executives, Mr. Frederick then discusses the application of these techniques to clerical work.

The reader will find the author's 10 laws of executive competence a thought-provoking treatment of the subject of the Office Manager as an Executive.

Recognizing the importance of Standardization, Work Planning, and Work Simplification, the author introduces these subjects in such a manner as to prompt further study of these valuable aids to good management.

In discussing personnel problems in the office, Mr. Frederick deals practically with the subject of "Women Management." In 14 listed points on temperament differentials, the significant aspects of this phase of management are clearly outlined and discussed.

While this book is offered as an introduction to office management and so covers all the principal considerations in this field in general outline, it provides something more. It prompts the thinking of the experienced practitioner on subjects with which he is already familiar, and offers a ready reference on the important aspects of these subjects. In developing his theme, Mr. Frederick has indicated the highlights in such a way that their importance becomes apparent without too much reading.

In addition to his own background, the author draws freely on the tested experiences of others (especially those undergone during the war effort), and endeavors to apply these to the changing economy of peacetime production.

His closing chapter provides an interesting preview of technological developments we may anticipate in the office of tomorrow—that streamlined era in which drudgery will be largely eliminated and managerial brains will predominate.

* Sun Life Assurance Company of Canada, Montreal.

PUBLICATIONS RECEIVED

(Please order directly from publishers)

THEORY IN MARKETING: *Selected Essays*. Edited by Reavis Cox and Wroe Alderson. Richard D. Irwin, Inc., Chicago, 1950. 340 pages. \$5.00.

ADVERTISING: *Text and Cases*. By Neil H. Borden. Richard D. Irwin, Inc., Chicago, 1950. 1,050 pages. \$7.50.

PROBLEMS IN MARKETING. By Malcolm P. McNair and Harry L. Hansen. McGraw-Hill Book Company, Inc., New York, 1949. 718 pages. \$6.00.

READINGS IN MARKETING. By Malcolm P. McNair and Harry L. Hansen. McGraw-Hill Book Company, Inc., New York, 1949. 769 pages. \$6.00.

HOW CAN YOU GET THE FACTS ABOUT YOUR MARKET: *A Brief Outline of Procedure for Local Distributors*. Domestic Distribution Department, Chamber of Commerce of the United States, Washington 6, D. C., 1948. 21 pages. 10 cents.

A BASIC MARKETING CHART OF THE UNITED STATES: 1949 EDITION. By A. E. Fein. Research Company of America, Inc., 341 Madison Avenue, New York 17, N. Y. \$2.50. Broadside.

WHOLESALE PRINCIPLES AND PRACTICE. By Theodore N. Beckman and Nathanael H. Engle. The Ronald Press Company, New York, 1949. Revised edition. 723 pages. \$5.00.

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